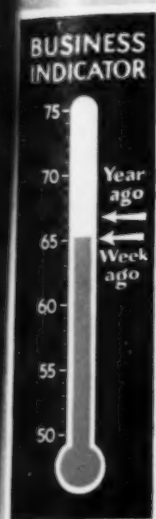


FEB. 16
1935

FEB 18 1935

BUSINESS WEEK



Wide World
100%—Steel mills are riding back to capacity, chiefly on automotive orders. Clevelanders jubilantly watch this telltale plume of smoke over the Otis stacks.

McGRAW-HILL
PUBLISHING
COMPANY, INC.

20 CENTS

UNIVERSITY OF MICHIGAN
GENERAL LIBRARY
ANN ARBOR MICH

Engineers Tell Why NEW PLYMOUTH IS THE WORLD'S SAFEST LOW-PRICED CAR

First Car Ever Built on High-Speed Safety Principle



CHIEF ENGINEER Fred Zeder (center) and his colleagues, Carl Breer and O. R. Skelton. Five years ago they produced the first low-priced car with a Safety-Steel Body and Hydraulic Brakes...and now they've created America's first High-Speed Safety Car!

Today's Congested Highways Demand this New Kind of Car

ALL DRIVERS are hitting it up much faster than they used to. And there are almost twice as many of them on the road as there were 10 years ago.

That gave Plymouth engineers their cue. America needed a different kind of car...a "high-speed safety car."

So they started with the engine. They increased its horsepower. And that worked both ways. It gave this new kind of car



Note how engine has been moved forward...as first introduced by the famous "Airflow" cars.

greater speed, of course...but more, it achieved what engineers call "high mobility"...in other words, faster getaway and instantaneous response.

You'd naturally expect that this in-



Even today, Plymouth is still the only low-priced car with fast-stopping Hydraulic Brakes.

creased power would require more fuel.

However, by improving the cooling system and the ignition timing, they actually cut gas and oil consumption 12% to 20%.

When you drive this new car, everything will have a different "feel." The clutch works easier. Syncro-Silent Transmission makes gear shifting effortless. Even the famous Plymouth Hydraulic Brakes have been made larger.

But probably the biggest change you'll notice will be in the ride. New weight



This year's Plymouth Safety-Steel Body demonstrates its greater strength in famous test.

distribution (engine moved forward)...the use of new-type Mola Steel front springs and a sidesway eliminator...give the new Plymouth a "Floating Ride!"

Go to any Dodge, DeSoto or Chrysler dealer in your neighborhood and have him demonstrate the new Plymouth.

Compare it feature by feature with the other leading low-priced cars. Learn how easy it is to buy on the Official Chrysler Motors Commercial Credit Plan.

PLYMOUTH NOW ONLY **\$565** *World's Safest Low-priced Car*

AND UP F.O.B. FACTORY, DETROIT

Washington Bulletin

WASHINGTON (By *Business Week* Staff Correspondents)—Government opposition to the Republic Steel merger does not originate in a mere normal anti-trust reaction. The Administration wants steel kept cheap. It wants low prices to encourage consumption and provide employment. The low price is to fit into Roosevelt's economic scheme. Hence a "Big 3" in steel is not to be tolerated.

Decision Shock Cushioned

Experts believe both domestic securities and foreign exchange are in a strong position against the possibility of a gold clause ruling against the government by the Supreme Court. Treasury Secretary Morgenthau's carefully worded opinion means more than it says. Virtually, that the government won't permit any serious shock from an adverse decision or any important swing on a favorable one. A decision is possible Feb. 18, probable Mar. 4. Best opinion remains that the Court will uphold the government. Meanwhile, delay of the decision has given the government and business plenty of time to get ready for anything.

Relief for Bond Salesmen

Work for bond salesmen—almost jobless since 1929—is one object of the RFC plan to sell small lots of securities with option on additional purchases in 15 days if samples sell well. These are bonds PWA took from states, counties, and cities.

NRA Pats Its Own Back

There's more than meets the eye in NRA's compliment to the steel industry on wage rate increases under the code. Officials indicate there were \$100 millions more in pay envelopes than there would have been without the code. Which is a boast of its effectiveness by a much-attacked agency. But it is also a direct statement to Labor Federation critics of Richberg. The federation is weak in steel; it has been toying with the idea of a strike to force recognition, which is now made just that much more difficult.

Roosevelt Wins on Relief

The President is now practically assured of winning all essential points of dispute on the \$4.88-billion Work Relief Bill. Most serious threat grew out of fear about government credit, which led to the Appropriations Committee's 12 to 11 vote against substituting a \$2.8-billion dole.

The vote in the Senate may again bring up this substitute, but the House will stand firm for the President's

WHAT CONGRESS DID

The Senate:

Passed farm credit bill.

Approved investigation of telephone industry.

The House:

Approved conference report on the \$60-million crop loan bill.

Authorized inquiry into the canalization of Rio Grande.

ideas even if the Senate supports the Glass dole as against his plan for work relief.

Promises Avert Earmarking

Earmarking of money for specific projects has been avoided only by private promises of the Administration to individual dissatisfied Senators that projects they favored would be included.

Proof Burden on A. F. of L.

Union labor faces a real test in cashing in on the compromise over the prevailing wage for work relief. It will have to show an agency appointed and controlled by the President that work relief wages really are hurting wages in private employment. So the President actually secures a victory on the tremendously important point of not permitting work relief wages to injure private business.

Utility Attitude Popular

Determined efforts to modify the public utility holding company legislation seem destined to fail. Congress is so certain that Roosevelt's attitude toward utilities—especially holding companies—is popular that the President is almost certain to get his way. Daily news stories will indicate big changes, as the bill progresses, but it will come out about as desired by the White House.

New Taxes Necessary

Business Week's repeated forecast that new taxes would be called for by the Administration before the end of the present session has been borne out by the White House. The President said the \$16-million boost in the budget, forced by advancing the date

of the government employees' pay restoration, must be provided for in new taxes. Also that any other additions to the budget must also be provided for in new revenue provisions. Congress, anxious to avoid fresh taxes, may seek to deduct excess appropriations from the \$4.88-billion bill, but the probability is that extra taxes must be voted eventually.

A Reversible Bloc

On unemployment insurance and old age pensions the votes that nearly wrecked the \$4.88-billion work relief bill will come to the President's aid. The strong bloc which is developing on concern about government credit must vote with the President against loading a big share of the cost on the federal treasury. So only the inflationist bloc can be counted on to support a government subsidy. Indications are that the measure will drag on for months, but enactment before adjournment is virtually certain despite strong torpedoing movements.

30-Hour Compromise Threat

Protests indicate that industry is alarmed over the possibility of a compromise on the 30-hour bill. It might take the 30-hour bill straight rather than a compromise, say at 36 hours, on the theory that the unworkability of the 30-hour measure could be more quickly demonstrated.

Macon Doores Development

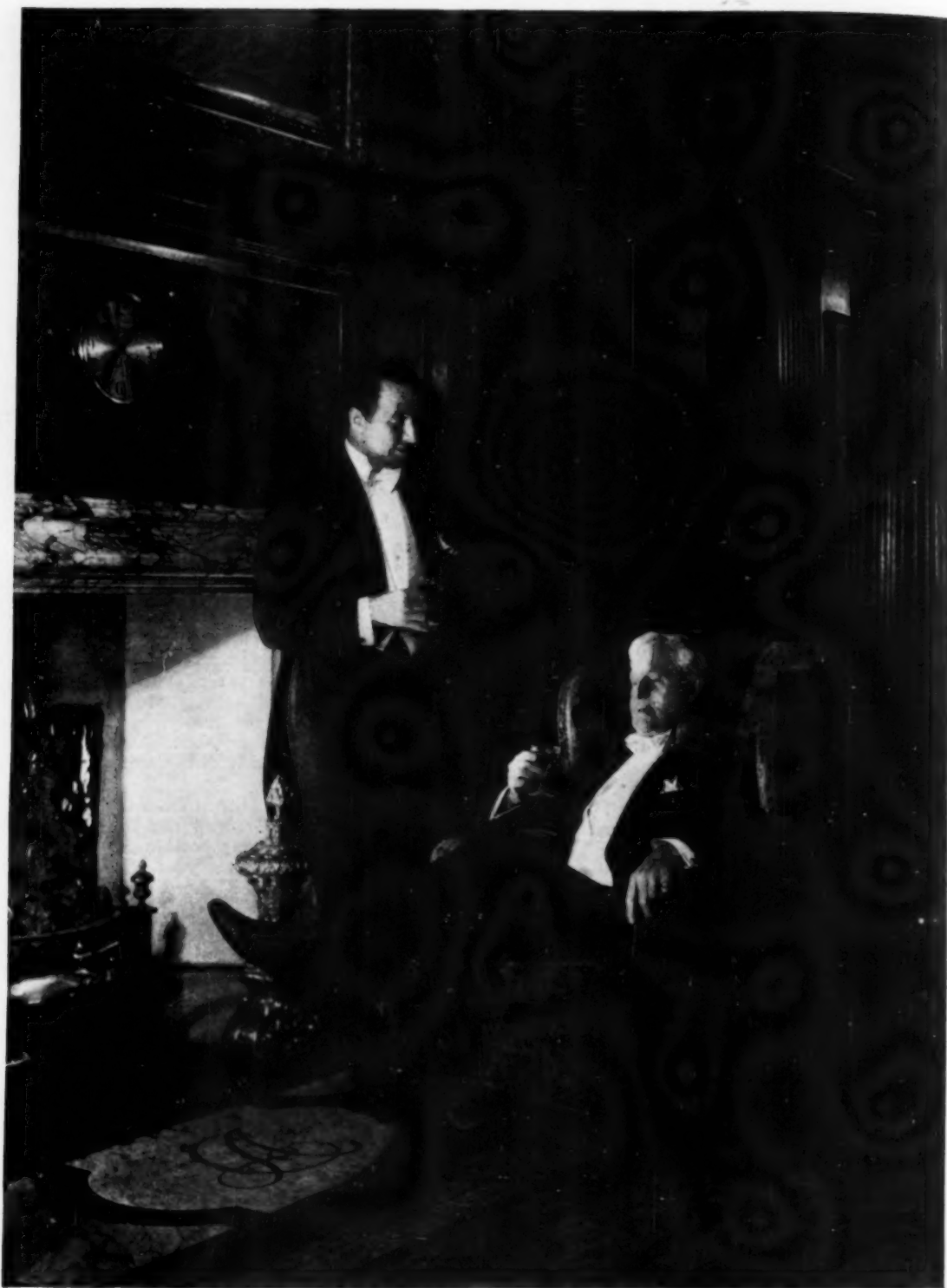
Germany can have a monopoly on the transoceanic dirigible business for some time to come, so far as the United States is concerned. The *Macon* disaster killed whatever chance the Aviation Commission plan for federal aid to lighter-than-air development had. The Navy will rent hangars, etc., to German air liners. Any extra aviation money will be spent on big planes.

Banking Bill Assured

Passage of the Administration's Banking Bill without much modification seems fairly certain, despite Carter Glass' being on the warpath. Plenty of opposition, but not united on definite amendments.

Unfreezing Brazilian Funds

The unfreezing of our commercial balances blocked in Brazil is hoped for as a result of efforts now being made by representatives of the owners of the blocked funds. They hope to negotiate a formula which will enable the second Export-Import Bank to co-operate. The desire is to work out an acceptable plan to forestall prior action by the British, who shortly will be hosts to the Brazilian mission which signed the treaty here.



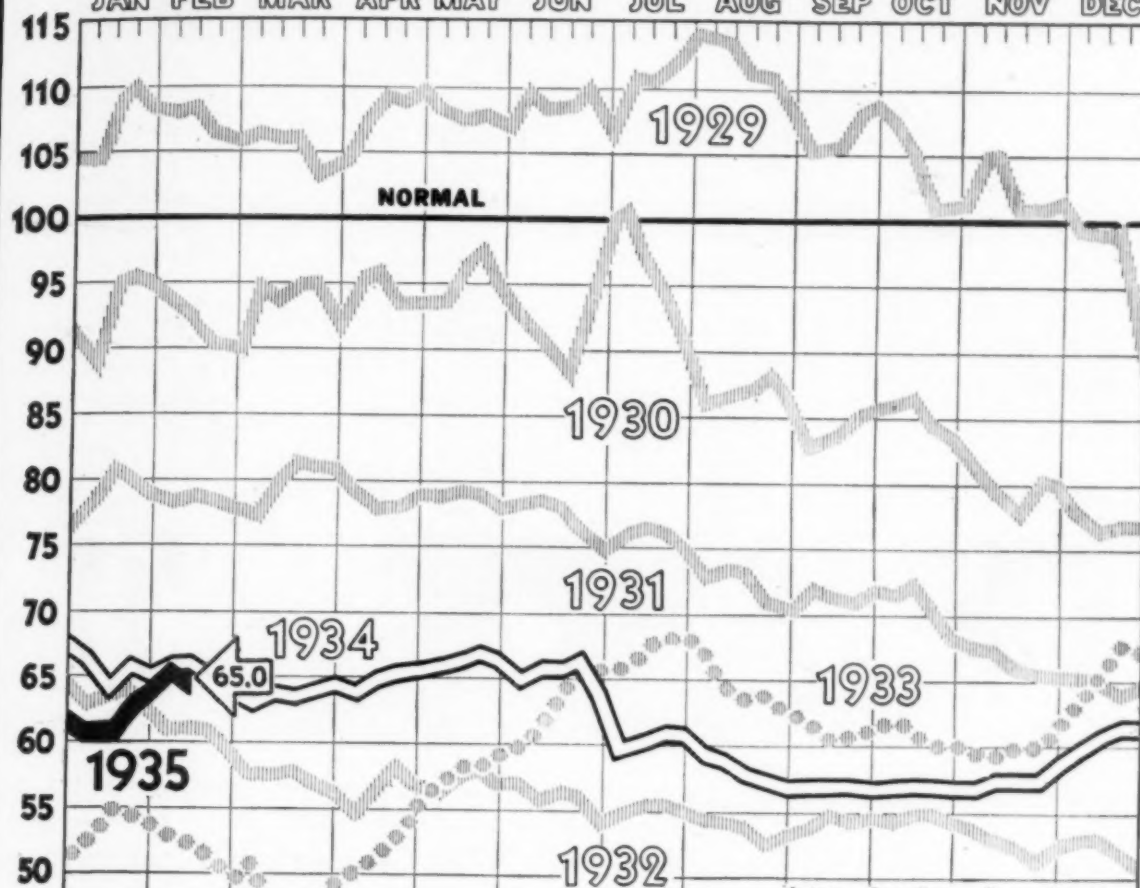
On Board the Aquitania of Cunard White Star Line

"Let's drink to the success of Sir Edward's Housing Bill—a bathtub for every Englishman. But first tell me, how did you get your sales force on the job so quickly?"

"Simple, my dear fellow, Business Week carried the story a week before the news broke in London."

WEEKLY INDEX OF BUSINESS ACTIVITY

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC



BUSINESS WEEK INDEX

PRODUCTION

★ Steel Ingot Operation (% of capacity)	50.8	52.8	39.9	43.4
★ Building Contracts (F. W. Dodge, daily av'ge, thousands, 4-week basis)	\$4,035	\$4,267	\$7,432	\$6,993
★ Bituminous Coal (daily average 1,000 tons)	*1,413	1,375	1,249	1,319
★ Electric Power (millions K.W.H.)	1,704	1,763	1,652	1,637

TRADE

Total Carloadings (daily average 1,000 cars)	100	93	94	108
★ Miscellaneous and L.C.L. Carloadings (daily average 1,000 cars)	61	56	59	68
★ Check Payments (outside N. Y. City, millions)	\$3,451	\$3,200	\$3,120	\$3,953
★ Money in Circulation (daily average, millions)	\$5,423	\$5,377	\$5,333	\$5,113

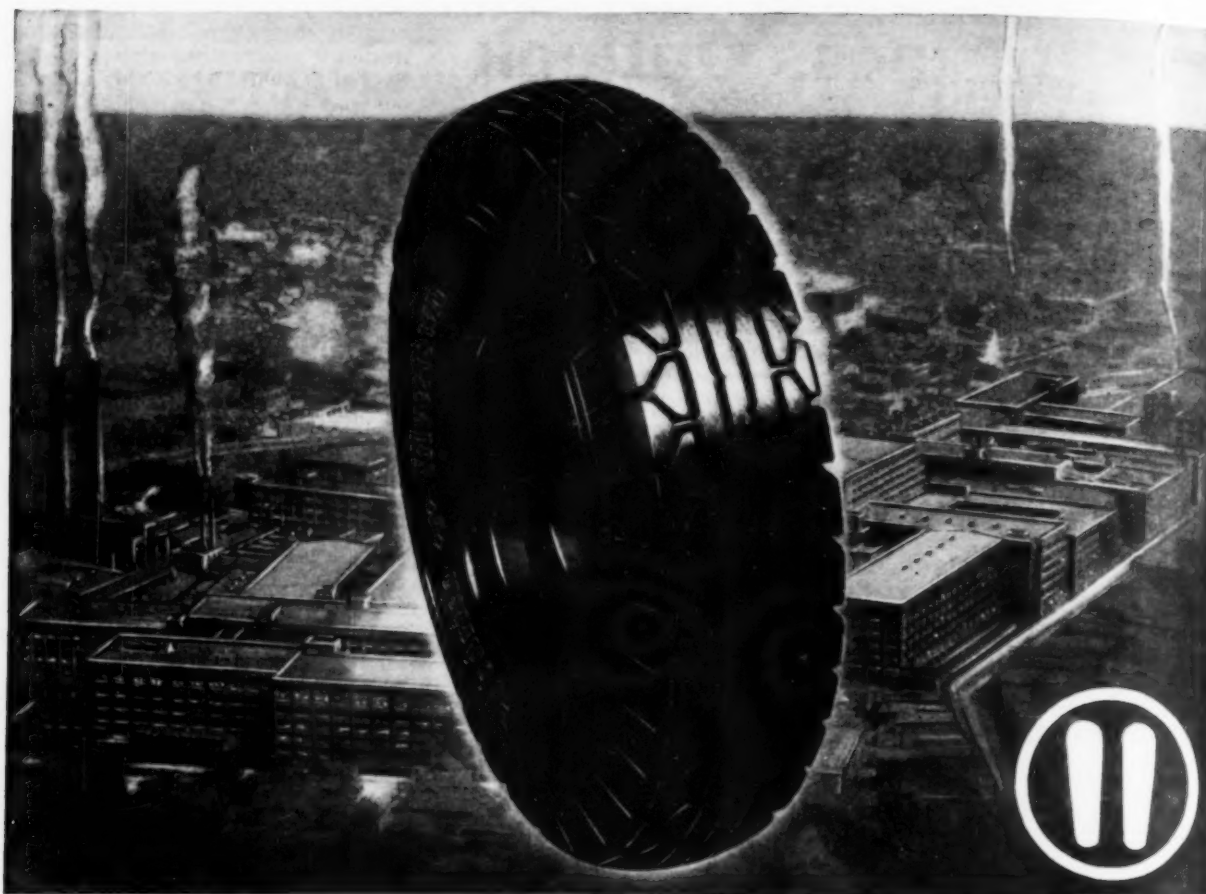
PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$.98	\$.99	\$.87	\$.73
Cotton (middling, New York, lb.)	\$.126	\$.125	\$.125	\$.103
Iron and Steel (STEEL, composite, ton)	\$32.56	\$32.56	\$31.30	\$31.01
Copper (electrolytic, f.o.b. refinery, lb.)	\$.088	\$.088	\$.078	\$.091
All Commodities (Fisher's Index, 1926 = 100)	81.7	81.6	73.2	72.5

FINANCE

Federal Reserve Credit Outstanding (daily average, millions)	\$2,466	\$2,462	\$2,612	\$1,736
Loans and Investments, Federal Reserve rep't'g member banks (millions)	\$18,208	\$18,244	\$17,082
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$4,534	\$4,537	\$4,713
Security Loans, Federal Reserve reporting member banks (millions)	\$2,992	\$3,024	\$3,587
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$842	\$868	\$950
Stock Prices (average 100 stocks, Herald Tribune)	\$97.09	\$96.93	\$104.53	\$118.63
Bond Prices (Dow, Jones, average 40 bonds)	\$96.47	\$96.22	\$90.99	\$87.99
Interest Rates—Call loans (daily av'ge, renewal) N. Y. Stock Exchange	1%	1%	1%	2.1%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1%	1%	1 1/4%	2.8%
Business Failures (Dun and Bradstreet, number)	263	268	291	599

* Preliminary † Revised ★ Factor in Business Week Index



DITTO ONE-WRITING ORDER SYSTEM Saves \$40,000 Yearly for The B. F. Goodrich Company

H. V. Broune, Manager Office Standards, The B. F. Goodrich Company, Akron, Ohio, reports:

"FOR 20 years we have been using Ditto equipment, and now have 50 machines used for many different purposes. The greatest savings and benefits came from adopting the Ditto One-Writing Order System. This system saves us \$40,000 a year in order copying, besides minimizing copying errors. It also enables us to cut shipping time in half—getting out many of our orders within 24 hours.

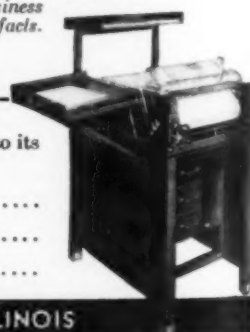
"We also use the Ditto method for our printing orders. Our printing department cut its delivery time a full week by dittoing its 150 daily printing orders so 6 departments could work on them simultaneously.

"Much miscellaneous work is dittoed—15 to 20 page weekly production schedules; monthly operating statements of retail stores and wholesale districts (approximately 600 different reports); 5 to 10 page minutes of meetings, and so on.

"So simple and inexpensive a system of direct and errorless copying deserves the detailed study of every business organization."

* * * *

Thousands of other concerns throughout the world are making similar savings with Ditto. Find out what Ditto will do for your business—write us for samples and facts. There's no cost or obligation.



DITTO, INCORPORATED, 2243 W. Harrison St., Chicago, Ill.

B. W.—2-35

Gentlemen: Please give me full facts about Ditto . . . how it cuts costs in Billing and Shipping . . . also its many other uses. No obligation, of course.

Name Title
Concern Address
City State

DITTO INCORPORATED • HARRISON AT OAKLEY BLVD. • CHICAGO, ILLINOIS

T
BU
up
gol
by
of
fini
men
and
fail
such
curr

O
tion,
year
cline
Dec
last
were
6 fel
Frei
mont
year
tural
year's
ment
prices
sump
last y
diffic
freigh
totals
freigh
tor s
prof

WH
follow
betwe
the co
the at
Steel
panies
The A
its pla
vailing
lif pr
has ta
the en
decrea
lions
calend

Som
that s
down
from
uncer
dampe
custom
mute,
again
creases

The Business Outlook

BUSINESS activity got off to a good start in January, and is holding up well, if less spectacularly, in February, despite suspense over the gold clause decision. Long-standing January records were broken by motor production and deliveries, by drug sales (thanks to a touch of "flu" and more active radio advertising), deliveries of rayon and finished steel, household equipment and roofing material sales—and finally, a new low for business failures since the twenties. Factors such as these have added to the current optimism.

Less Cheerful Notes

On the other hand, new construction, except residential, lags behind a year ago. Department store sales declined more than seasonally from December, but are 4% higher than last January. Nineteen chain stores were 6.8% ahead of last year, though 6 fell behind, some as much as 7%. Freight car contracts awarded last month dropped to 24 against 152 a year ago and 110 in December. Structural steel volume also fell below last year's mark, due to the sharp curtailment of public works program. Meat prices have soared so rapidly that consumption is bound to fall off from last year's high. Railroads have had difficulty in drumming up enough freight to edge over the January, 1934, totals. Coal and miscellaneous freight, which includes steel and motor shipments, have been the most profitable divisions.

Washington Factors

While Washington appears to be following a middle-of-the-road course between the extreme left and right, the comprehensive banking bill and the attacks on the proposed Republic Steel merger and utility holding companies have disturbed business men. The Administration met opposition to its plan to pay wages below the prevailing rate of the locality where relief projects are to be undertaken, but has taken steps to get its own way in the end. Meanwhile the probability decreases that much of the \$4.8 billions relief fund will be spent in this calendar year.

Assembly Lines Busy

Some concern was felt this week that steel activity should have turned downward after the long upward pull from last autumn's low. Perhaps the uncertainty over the gold clause case dampened the buying ardor of steel customers. Perhaps it was only a mute, but often effective, protest against any contemplated price increases for the second quarter. There

is no evidence that the motor industry has gotten cold feet. After producing over 300,000 in cars in January, it still aims to do a better job in February. The Henderson report may not have applauded the labor situation in motor centers, but it was forced to marvel at the automobile men's increasing technological efficiency and will to experiment.

January's Motor Sales

January's motor production record is astonishing. With a 65% jump over the December totals, output reached a level 87% higher than a year ago. No January since 1929 has been better, when 422,538 units left the assembly lines. Ford's domestic production alone topped 91,000. Sixteen assembly branches are now in operation. Over 75,000 of these Ford cars went directly to consumers, a 110% increase over a year ago. Only the peak months of 1934 bettered these January sales. General Motors delivered over 54,000 cars to retail customers in the United States last month, a gain of 131%. It represents over 71% of all cars sold to dealers in January. Overseas sales of the corporation broke all records for the month.

Labor Wins Concessions

The success with which local automobile unions in the Toledo area have signed up parts manufacturers for wage increases since the motor code renewal is viewed with alarm by the industry. The sympathetic report of the Henderson survey is likely to enhance the demand for shorter hours, higher wages, despite the Administration's coolness to the recommendations listed. Packard Motors is negotiating with the M.E.S.

Prayer for Pipe Line

As expected, January steel production reached 47.7% of capacity compared with 33.2% a year earlier, and 35.3% in December. This is the highest January since 1930. February should average over 50%. Steel hopes the \$50-million pipe line under consideration by PWA may materialize. Rail business is still slow. The report that last year reached a new peak in rail abandonment of 1,995 miles with only 70 miles of new track added,

suggests that the railroads may be a customer of diminishing importance. Revival of some of steel's miscellaneous customers is apparent from the gains in volume of 1934 over 1933 reported by electrical goods manufacturers, 35%; by stoker manufacturers, 44%; by oil burner makers, 19%, and steel business furniture producers, 53%. Continental Can set a new earnings record last year, exceeding even 1929.

Employment Figures Steady

January employment in manufacturing industries may show but slight change from the December level, the usual seasonal decline being offset by large increases in motors, steel, and textile plants. New York state reported only a slight drop. Trade activity follows industrial activity closely, as check transactions have shown, being larger in steel and motor centers compared with last year, than elsewhere. Department store sales now confirm this situation, and account for the lack of optimism in the Eastern states. The Boston Reserve district is off 4% from a year ago; New York is just on the par; Philadelphia is only 2% ahead. On the other hand, Cleveland Reserve district stores are doing 14% more business than last year; San Francisco, 11%; Chicago and Dallas, 9%.

Mail Houses in Race

Perhaps the fact that Montgomery Ward sales in January were 17.9% ahead of last year accounts for the 15% slash in Sears Roebuck prices below 1934 levels. The peer of mail order houses bettered last year by only 8.4%; its close competitor is increasing in volume of sales.

Coal Demand Rises

Coal production is well above the 8 million tons a week level, as cold weather and rising industrial production increased demand. Power production has leveled off from the high points reached in January, but remains well above a year ago, and above every other year except 1930. Manufacturers of refrigerators, ironers, and washing machines are now preparing for a banner year, helped along by the prospects of lower power rates.

Carloadings Creep Up

Under the impetus of miscellaneous freight, which reflects the heavy shipments of automobiles and steel, carloadings for the week ending Feb. 2 reached the highest level for the week since 1931. For the first five weeks of 1935, freight traffic moved fractionally ahead of last year. Income fell in 1934, despite a gain of 6% in freight and 5% in passenger revenues.



Site of the new Golden Gate Bridge, San Francisco...
a project in which the Maryland is participating.

The longest bridge designed to span the sky, the tallest building, the mightiest dam ever built, owe a good part of their realization to the guardianship of *construction bonds*. Before even the first spadeful of earth is turned, this form of surety bond guarantees completion of the job, faithful performance, sound materials, contract fulfilled on time.

Indeed, without the protection and security offered by the casualty and surety companies of the country, large public works and tremendous construction projects would be seriously hindered. Yet this is only one of the ways in which the Maryland Company aids industry and accelerates the employment of labor.

With its 10,000 agents and its highly organized service, the Maryland is daily playing its part in safeguarding the worker against accident and providing medical aid when needed; inspecting and protecting the power-plants of the manufacturer; adding to the security of financial institutions through the bonding of trusted employees; protecting the users of motor-cars and trucks against the liability of accidents.

Wherever you may live in greater North America you will find Maryland service . . . in every state in the Union . . . in Alaska, Canada, Porto Rico, Cuba, Mexico, Canal Zone and Hawaii . . . ready to help you plan securely ahead.

*Accident and Health Policies . . . Aircrafts . . . Workmen's Compensation . . . Liability . . . Automobile . . . Elevator . . . Plate Glass . . . Boiler . . . Engine . . . Electrical Machinery . . . Fly-Wheel
Sprinkler Leakage . . . Water Damage . . . Burglary . . . Check Alteration and Forgery . . . Fidelity Bonds . . . Surety Bonds*

MARYLAND CASUALTY COMPANY

SILLIMAN EVANS, *President*

BALTIMORE

F. HIGHLANDS BURNS, *Chairman of the Board*



BUSINESS WEEK

FEBRUARY 16, 1935

Men and Machines

Henderson report says automobile industry handles machines better than men but adds that, in the long run, machines make jobs.

EVERY sore toe in the automobile industry is carefully trod upon in the Henderson-Lubin report to the National Industrial Recovery Board suggesting moves to level employment and production peaks. Resentment is not mollified by soft compliments to the industry's achievements. Nor by the fact that the most prominent of the suggested cures (shifting the showing of new models and sales activities from early January to the autumn months) had already been proposed by the industry. Most irritating are recommendations to change hour rates, raise the annual income of workers, abolish espionage and foreman favoritism, reduce age discrimination, remove undue selling pressure on dealers and buying pressure on suppliers of parts.

The public is interested because car owning is almost universal, because the American public considers motor manufacturing methods the greatest achievement of the national genius for mechanics. Automobile officials are roused because the report touches with brutal frankness on labor relations which they consider their responsibility, not that of Washington's "theoretical industrialists." Labor (at least one of its branches) is elated because the report supports charges of abuses and suggests a direction for future labor moves.

"Exploratory," Says NIRB

The National Industrial Recovery Board organized the study through its Research and Planning Division in collaboration with the Labor Department's Bureau of Labor Statistics. Leon Henderson, director of the Division, supervised the work. The NIRB passed the report on to the President with cautious recommendations. It pointed out that on some issues this is an exploratory analysis and a matured opinion on all points "should not be attempted at the present time." The NIRB would like to cooperate with the industry in moving forward the date of the annual show and revising hours via the code. "Consideration should be given to the advisability of establishing" a comprehensive Automotive Industry Labor Relations Board (like those of the steel and textile industries).

The last statement is packed with dynamite. It touches on the battle for unionization of the motor industry. The NIRB aligns itself against the present Wolman labor board which has been conducting elections in motor plants, demanding a new body with broader authority. Manufacturers are friendly to the Wolman board. It snubbed the American Federation of Labor. Its balloting indicated that the A. F. of L. unions were wobbling in Detroit—at a time when A. F. of L. was making a drive for power there.

The A. F. of L. will be delighted with the Henderson findings. The Federation's president, William Green, plans a barnstorming tour of the motor cities, to end in Detroit, Feb. 23. A pow-wow of his national council will meet with him there to recommend to

the locals demands for better working conditions. There is a lot of good ammunition in the Henderson report. Strategists believe the plan is to present simultaneous complaints by locals in key plants, if possible cripple the industry, and force intervention by the President.

Automobile officials don't believe the A. F. of L. is strong enough to create another crisis. A lot of the President's recovery hopes are bound up in the automobile industry. He esteems the Wolman labor board. The motor industry is counted on to lead other businesses out of the depression. Mr. Roosevelt wants to avoid offense to the industry, is seeking its cooperation. Therefore, he is charmingly vague as to the future of the automobile code and won't discuss the possibility of a new labor board.

Detroit Is Discreet

Privately, motor makers use blistering language on the Henderson report. Publicly they are restraining themselves because they don't want to aggravate a touchy labor situation. Pride over commendatory passages is overshadowed by ire at the major conclusions. Main



LEON HENDERSON—The director of NRA's Research and Planning Division stirred up some hot coals with his report on automobile labor.

themes are regularizing employment and otherwise improving conditions of labor. Part of the annoyance of automotive officials and part of the delight of labor is due to the fact that the summary of the report (which is all most people will ever see) is more drastic in its criticism than the full text. Besides suggesting simultaneous fall announcement of new models to prevent a piling up of the buying peak of the January show and that of spring, the report urges:

7 Further Recommendations

(1) Protection of smaller companies. "Concentration of the business volume into 3 large companies should not be accelerated by the government."

(2) Reform of labor practices breeding low annual earnings, inequitable rehiring, espionage, speed-up, displacement of workers at an early age. (Jobs are scarce for men over 40.)

(3) Eradication of foreman tyranny.

(4) Extension of facilities for collective bargaining.

(5) Coordination of labor provisions in codes for automobile, parts, tool and die, and machine shop industries.

(6) Code amendment to provide a maximum 40-hour week, with 48 hours permitted for not over one 8-week period a year; time-and-a-half pay for all time over 40 hours. (Present code allows averaging the extra hours over a long period; proposed changes would increase costs.)

(7) Reform of sales and purchasing methods to "relieve destructive pressure" on dealers and parts manufacturers; to pass along to them the leveling benefits of simultaneous fall announcement and showing.

Machines Make Jobs

Buried in the body of the report is high praise for what the industry has done in perfecting manufacturing technique, in improving the quality of product while reducing prices to the ultimate buyer. ("A value for the consumer which is unexcelled by any other industry in this or any other country.") Certainly, says the report, such progress should be continued. Pointing out that the improvements have decreased employment, the report adds "the indirect long-run effect may be so to reduce the price of the product as to produce more demand and greater, rather than less, employment."

Specific technical triumphs are cited. One company achieved a tremendous saving by making a one-piece stamping for the underbody which in 1929 was made up of 30 individual parts. In that year the top of one car contained 47 pieces; it is now made in one piece at a stamping. Labor cost in one door has been cut during the period from \$4 to 15¢. In almost every operation, similar advances have been made.

In general the opposition registers the

difference in viewpoint between the abstract investigator who hops into town from Washington, and the company official who must battle with real conditions by means of available devices. Stockholders are on the official's neck demanding greater dividends. Costs must be cut and greater mechanization does it. Young men are stronger and faster than old men. Competition makes speed-ups necessary. Espionage is admitted while its abuses are said to be exaggerated. ("The man who doesn't know what's going on in his plant is a damfool.") Most companies are trying to soften their arrogant foremen.

To cap it all the motor executive says, "Why pick on us? We have a better record for wages than any comparable industry. The abuses in our business are not different from those in many others."

Diesel Development

General Motors builds locomotive plant to meet demand for new type diesel-powered trains.

"THE present trend of applying diesel power to railroad requirements is only in its infancy," said General Motors' president Alfred E. Sloan this week. At the same time, he announced plans that will make it certain that GM continues to have a profitable part in nursing that trend along.

Through its subsidiary, Electro-Motive Corp., General Motors will begin immediately construction of a new diesel

locomotive manufacturing plant near Chicago. It will be operating, according to present plans, by August. Diesel engines for the corporation will continue to be supplied by Winton Engine Corp. at Cleveland, a GM division.

The recent demand for the new-type locomotive has been so heavy that some of the jobs which it has brought to General Motors have had to be sublet to outside plants. The new program will concentrate all such work in one plant inside the corporation.

Pioneered Gas Rail Cars

Organized in 1922, Electro-Motive was a pioneer in the development of rail cars powered by gasoline and gas distillates. It became part of GM in 1930 and lately has been operated in conjunction with Winton. It will now become again a separate organization.

The railroads' chief interest in the diesel engine is their interest in cutting costs in the competition with trucks, buses, and private cars. A 3-car steam train costs about \$1 a mile to operate; Burlington's streamlined diesel-powered Zephyr will do the work for under 40¢ an hour a mile, including overhead and all charges (BW—Apr 28 '34). One important factor is a fuel cost of only 2.3¢ a mile.

The Winton diesel is the power plant on the Zephyr, also on Union Pacific's new M-10001, and on the Boston & Maine newest Flying Yankee. It will haul the Santa Fe's Chief, for which Winton is now completing what is believed to be the largest diesel locomotive ever built.

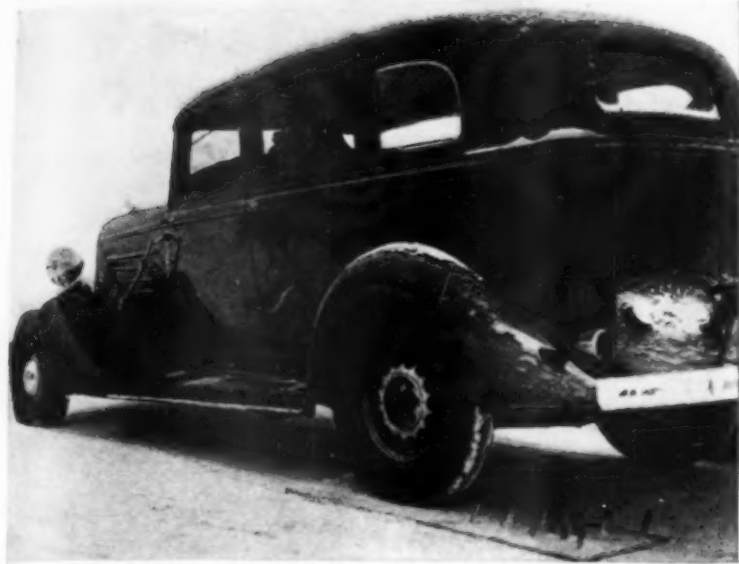
Men and Machines in Detroit

What Ford, General Motors, and Chrysler figures show

Year	Output, Units	% U. S. Total	Man Hours Labor	Hrs. Labor per Unit	Man Years Labor	Units per Man Year
1929	3,300,000	77	647,000,000	196	311,058	10.6
1930	2,520,000	83	429,000,000	171.6	206,250	12.2
1931	1,840,000	83	325,000,000	176.6	156,250	11.8
1932	1,050,000	83	254,000,000	241.9	122,115	8.6
1933	1,540,000	89	252,000,000	163.6	121,154	12.7
1934*	1,970,000	90	352,000,000	178.7	183,333	10.7
At same rate, 12 months						11.6

* 11 months.

EFFICIENCY DRIVE—The tabulation tells a number of interesting stories: (1) How these 3 have climbed in 6 years from selling 77% of all cars and trucks to a 90% domination. (2) A 20% increase in output per worker, measuring '29 against '33. (3) This gain cut in half in 1934—presumably in part the effect of the code. (4) The terrific inefficiency that suddenly shrinking volume causes. Note how many hours of labor it took to produce a car when sales fell faster in 1932 than readjustments could be made. The "man years" figure represents how many men would have been employed had every man worked the code quota of 52 weeks, 40 hours a week. (For 1934, 11 months, 40 hours weekly for 48 weeks.) These statistics do not tell how much of each car is made in the plant, and that proportion varies from year to year as the manufacturer "farms out" more or less of his parts making. But the Henderson report justifies the conclusion that the increase in output per hour of labor probably is considerably greater for the entire automotive industry than it is in these 3 establishments, for it is the parts makers who have been forced to drive the hardest for lower costs.



ACCIDENT-PROOF—Demonstration test of Goodyear's new Lifeguard tube (in rear tire) which converts dangerous blowouts into slow leaks (BW—Feb'35). The front tire, with its regular tube, instantly went flat when it rolled over the spikes. The Lifeguard really is 2 tubes, and the inflated inner "lung" keeps the car relatively stable even though the outer tube be torn.

Way for More Trucks

Automobile makers count on fleet replacements, farm buying, and exports to make it another truck year—with, perhaps, a better break for the "heavy-duties."

FLUSHED with the thumping success achieved in 1934, when its production (612,992 units in the United States and Canada) ran second to 1929's record output (826,817), the commercial car and truck industry has high hopes for this year. It is counting on substantial replacement orders from fleet operators, a revival of buying by farmers, further expansion in exports (which increased 115% last year), and a growing demand from business in general as the country throws off the depression. It isn't forgetting the benefits to accrue from the federal government's contemplated \$4.8 billions for work projects.

Truck sales in the United States last year, excluding government purchases which don't show up in registration figures, amounted to 403,886 units, an increase of 64% over the 245,869 sold during 1933. Only in 1929 and 1930 was domestic business better.

Construction Companies Lead

Chief among the customers were commercial haulers and companies classified under "general construction activities." The retail store's light truck buying was a more important factor than in several years. The farmer, who owns 26% of the trucks now in operation, is estimated to have bought about 12% of the vehicles sold last year. Fleet owners con-

tinued to confine their expenditures largely to the maintenance of trucks already on hand.

Trend toward concentration of truck business in the hands of a few companies has continued. In 1934 Chevrolet and Ford registrations were 70% of the total, in 1933 only 65%. The top 5 (Chevrolet, Ford, Dodge, International, and General Motors Truck) accounted for 93% of the industry's sales last year, compared with 90% the previous year. Only comfort derived by small companies, which make mostly heavy-duty equipment, is the fact that the biggest increase in production came in trucks 3½ tons and over.

Chevrolet led the field for the second straight year with domestic sales of 157,507 trucks (against 98,880 in 1933), representing about 38% of the industry's business. Ford, although trailing Chevrolet in total registrations, had the satisfaction of more than doubling its sales—from 62,397 in 1933 to 128,500 last year. White, which almost tripled its business, was the only company to better Ford's increase. Reo, Dodge, and General Motors Truck also made notable strides.

Around 80% of truck sales are concentrated in 800 out of the country's 3,000-odd counties. Forty thousand out

of 500,000 truck owners operate one-third of all commercial vehicles. Hence truck makers can center their sales efforts more than passenger car sales departments. Geographically, the Atlantic Coast region has been the most productive, although in the latter half of 1934 the Middle West began to stage a comeback.

Heavy-duty truck makers have encountered obstacles—the tendency of operators to buy tractor-trailer combinations costing less than large trucks, state legislation restricting weights and lengths of vehicles, notable improvements in light trucks. About 92% of sales are in the 1½ ton-or-less field, but light truck builders admit that when the necessity for economy has eased this proportion may dip a bit.

Factory Branches Disappear

Most of the heavy-duty truck builders have sold through factory branches in principal cities. They have found these branches a heavy maintenance burden during the depression. Logical step was to hook up with independent light truck makers who needed additional sales outlet. Result: selling agreements of Reo-Mack and Autocar-Studebaker, which are said to have worked out fairly well. International, heretofore selling only through its own branches, has recently been giving retail sales franchises to passenger car dealers having no truck connections (Nash, Hupmobile).

Efforts to make light trucks "bigger and better" are beginning to give way to a policy of building vehicles featuring economical transportation to sell "at a price" without sacrificing pleasing body lines. Example: Chevrolet's new sedan delivery, the lowest-priced enclosed commercial car on the market.

The 1935 truck sales have started off with a bang. The best guarantee of continued sales gains lies in the fact that 70% of the 3,410,000 trucks in use are over 3 years old and costly to operate.

R.R. Plowed Under

B. & O. to abandon 60 miles of its own line and use P. & L. E.—but workers fired get year's wages.

THE first experiment in "ploughing up" railroads and paying men not to work is embodied in the authorization given to the Baltimore & Ohio by ICC to abandon its own trackage and operate over 60 miles of Pittsburgh & Lake Erie track between McKeesport and New Castle Junction, Pa. The application of AAA theories to railroading will eventually save the B.&O. about \$53,000 a year in operating expenses, but not the first year, for the road must pay a year's wages to men displaced by coordination of railroad operations.

B.&O. president, Daniel Willard, and

F. E. Williamson, president of New York Central which controls the P. & L. E., tried to negotiate the deal *entre nous*, but Transportation Coordinator Eastman endorsed the protest of the brotherhoods that such action was subject to the Emergency Transportation Act of 1933 which provides compensation for employees involved. At the time Presidents Willard and Williamson were negotiating, they were both members of the Eastern regional coordinating committee, and Mr. Eastman had only to point out that under the law "it shall be the duty of the committees on their own initiative to carry out the purposes set forth in the law . . ."

The managements assented to Eastman's dictum. An agreement acceptable to the brotherhoods was evolved.

Coded Cigarettes

NRA's labor rules for cigarettes start speculation on price rise.

PRESIDENT ROOSEVELT has finally approved a code for the cigarette, snuff, and tobacco manufacturers, and thereby ended a 19-month dogfight among various factions of the industry, labor, and NRA officials. He admits that the code "in its present form is a compromise," promises an NRA study of conditions in the industry, to repair lack of information on probable effects of code provisions, especially on small enterprises.

The President also took the opportunity to spoil smart-alecking about the fact that the chairman of the National Industrial Recovery Board is also an important factor in the R. J. Reynolds Tobacco Co. (Camel). "Clay Williams took no part in the consideration of the code." Of the 6 other NIRA members who did, 4 recommended it, 2 dissented.

As approved, the code deals chiefly with labor, provides for a basic 40-hour week, fixes minimum wages, ranging from 25¢ to 40¢ an hour.

Significant additions: (1) An advisory committee of 5 is to be selected by the industry to serve as point of contact between the NIRA and the industry; (2) price increases "should be delayed and, when made, such increases should, so far as possible, be limited to actual additional increases in the sellers' cost."

Industry sentiment is divided. Most manufacturers, who found that labor costs rose 10%-15% when they went under the President's Re-employment Agreement in 1933, say that another 20%-40% boost under the new code makes retail price increases inevitable. Others contend that individual companies will hesitate to raise prices unless they are reasonably certain that increased costs will force all their competitors to do likewise.

Soup Squeeze

New nickel cans on the market crowd Campbell's 10-cent soups.

CANNED soup sales are due for a new shakeup.

For years on end, the Campbell Soup Co. has reigned supreme in the field. Other makers seemed to have no more chance of taking the volume leadership from Campbell's than they had of getting that first-advertising-page-after-text in the *Saturday Evening Post* or other popular magazines. Then along came Heinz and Hormel with some new soups at a higher price level. During the past 2 years their determined drive on the mass quality market hasn't made Campbell's depression problem any easier. Now comes a new threat at the other end of the scale—a 5-cent soup.

Approximately 30 years ago Colonel Albanus Phillips started the Phillips Packing Co. down in Cambridge, Md., in the heart of the district that raises about one-fifth of all the tomatoes, peas, and beans canned in this country. In addition to canning these vegetables, the Colonel began to put up a line of soups.

When the Colonel's 2 sons, Albanus, Jr., and Theodore, grew up, they were taken into the firm, and recently, under the stimulus of that supply of second-generation-enthusiasm, the company decided to go after a bigger slice of the country's soup business, picked for their springboard the country's largest metropolitan market, New York.

Phillips' 5-cent soups are being advertised in all important newspapers in the metropolitan area, and over 15,000 retail food stores in the territory are stocking them. The company is now getting advertising and sales campaigns under way for Pittsburgh, Cleveland, and other important cities.

Oldtimers in the trade are wondering exactly where this is going to leave Campbell's, whose soups have been selling at 10¢ straight, or 3 for 25¢ (excepting tomato soup which usually retails at 3 cans for 20¢). While Campbell's cans are somewhat larger than Phillips', grocers say that many housewives seem to think that the 5¢ can is good value. Soup sales of other concerns, such as Heinz and Hormel and a number of private brands promoted by wholesale grocers and chain organizations, are less likely to feel the new threat, because they offer a larger can at a price which practically takes their product out of direct competition.

Reports from the soup front indicate that the campaign now in progress is making a real dent into the mass market. Biggest day so far, in point of deliveries made, saw almost 200 trucks roll into metropolitan New York from the Maryland factory to deliver over 90,000 cases.



TOM M. GIRDLER—The chairman of Republic Steel declares the proposed merger of his company with Corrigan, McKinney "has no purpose or effect in restraining trade."

Loss-of-Use

New insurance covers expenses due to fact thieves are using your car.

A NEW policy feature, just approved by the National Automobile Underwriters' Association, enables owners of private passenger cars to collect for loss-of-use of stolen cars.

The loss-of-use item has been a bone of contention ever since theft insurance was written. Despite the fact that, in hundreds of automobile accident cases, the courts have awarded not only the cost of repairs, replacements, etc., but also compensation for proven damages from loss of use, the insured owner has had no chance to collect damages due to loss of use if his car was simply stolen. He has been compelled to accept settlement solely on the basis of the insurable value or take his car back when found "regardless of its then condition."

The endorsement form now permitted provides that, for a flat charge of \$2, the owner of a stolen car may be reimbursed for expenses incurred due to loss of use, not to exceed \$5 a day, nor beyond 60 days after date of theft—unless settlement is made sooner or "the whereabouts of the insured automobile, regardless of its then condition, shall become known to the insured."

In 12 states where the sponsoring association cannot claim jurisdiction, the new form will not be available unless filed separately wherever companies are registered to do business.

War Against Bigness?

In that surprise suit over Cleveland's third attempt to rationalize its steel holdings, government and industry have clashed at an important crossroads.

DOUBTS of whether the government is willing to permit any industrial mergers where a community of interest has previously existed have been raised by the suit of the Department of Justice to stop the joining of the Corrigan, McKinney Steel Co. of Cleveland with the Republic Steel Corp. In one of its 2 petitions filed in the Federal Court in Cleveland, the department demands that the interlocking of directorates come to an end, and stay ended where the steel companies have capital and surplus of "more than \$1,000,000."

Sounds Like a Signal Gun

Observers have wondered if the government's intervention was not another evidence of a developing campaign against bigness of every kind—a move for decentralizing industry and rehabilitating the little enterprizer, for sociological and political reasons.

In the first suit of this kind and importance in many a year, the government seems to be trying to make up its mind to go down a whole new avenue of busting trusts and making big aggregations little.

Cleveland's famous old group of iron merchants and ore fleet operators have made 3 efforts to bring together their

complex interests in the steel industry. The first succeeded, the second failed, and this third one has just run into the shoals of government objection.

The existing Republic was the creation of the first effort—one wing of the Mather group with Cyrus S. Eaton effected the merger of the original Republic with plants in the Cleveland-Massillon-Canton area in 1927. Another wing of the same independent crowd failed in a similar effort in 1930 to take Youngstown Sheet & Tube into Bethlehem Steel. The third undertaking, led by Republic Steel and enthusiastically seconded by William G. Mather and the others who were successful the first time, would unite with Republic the Corrigan mill and the Truscon Steel Co. (one of the 3 or 4 largest steel fabricators). With Corrigan would go its controlled Newton Steel Co., with a new mill in Monroe, Mich. Only one large independent steel plant along Lake Erie would remain outside, and this one, the Otis Steel Co., has twice rejected offers to go in. Yet even Otis is an important interest of both wings of the Cleveland crowd, and is mentioned in the government's suit as one of the directions of

interlocking. Others are Wheeling Steel, Youngstown Sheet & Tube, and Inland Steel, a minority in every case.

Though Eaton has not been active in the steel industry since the decline of the Continental Shares he is also mentioned by the government, along with S. Livingston Mather, nephew of William G. and son of the late Samuel Mather who was friendly to Bethlehem and a director of the United States Steel Corp. Cleveland fortunes made in the early ore and pig iron business were extended after 1900 into minority and sometimes controlling interests in many blast furnaces and steel plants, and, as their second and even third generations grew old, they have been trying to "rationalize," at least to modernize in corporate architecture, these connections of friendship and family.

Cleveland Will Be Stumped

If the government is now to call it sinful to be a director in more than one steel business, then important people in Cleveland will hardly know which way to turn, they and their big creditors. These creditors, in particular the now liquidating Union Trust Co., acquired their familiarity with the problem after the purchases made in the late new era could not be promptly paid for. Largest of these purchases was the Corrigan mill, made by the Cleveland Cliffs Iron Co. in the apparent belief that the best way to integrate these scattered ore and iron and steel-share interests was to have something large enough to build around if necessary. Eighteen months ago the Cliffs Corp. was owing the Union Trust Co. \$6,956,000 of the 1929 loans, with its steel stocks as collateral; W. G. Mather was owing \$836,000, and Corrigan, McKinney was owing \$200,000. The Union Trust liquidator, Oscar Cox, has been active in the negotiations and was in Washington with Tom M. Girdler and other Republic and Corrigan officials when the government was making up its mind to bring the suit.

A 1929 Acquisition

The Corrigan mill was built in bonanza days from money earned rapidly by still another independent group, its members now all dead. Widows and lawyers controlled the company for a time, and Mrs. James Corrigan of Mayfair, London, in 1929 sold the largest chunk of the stock to the Cleveland Cliffs Iron Co., W. G. Mather's operating company, partly on a bank loan. Holding companies not unlike those the Administration proposes to drive out of the public utility field were used as the financial vehicles here. The Cliffs Corp. held the stock in the Inland, Wheeling, Youngstown, and Republic companies, and in the Cleveland Cliffs Iron Co. The Cleveland Cliffs Iron Co. was the old Mather operating company for northern ore



INTERVENERS—The two legal gentlemen who filed federal actions in Cleveland to block the Republic-Corrigan, McKinney steel merger and unlock the interlocking directorates of 10 steel companies. Walter L. Rice (left), special assistant to the Attorney-General, and Emerich B. Freed, U. S. District Attorney.

mines, the ore railroad, the fleet and the coal mines, and was itself a holding company for separate stock in Republic and in the McKinney Steel Holding Co., which in turn, held controlling interest in Corrigan, McKinney.

A million-ton steel plant, Corrigan, McKinney has been considered as a purchase by General Motors, U. S. Steel, and other large companies. It is now operating at an all-time peak of employment. With far more open-hearth capacity than it had of finishing mills, even after it affiliated the Newton Steel Co. with it, the property appealed to Republic as an opportunity to get a large plant nearer to the Detroit market than anything it had in Warren or Canton. Republic engineers designed a continuous strip mill to be built at the Corrigan plant after the merger should have been consummated.

Merger Twice Deferred

Twice previously other obstacles have put off the merger. The consents of preferred stockholders of Republic were more slowly assembled during the autumn than the companies had expected. Owners of stocks not paying dividends were surprisingly inert. The Oct. 30 meeting was put off to February. All names of record were reached by mail or telephone but thousands of shares were found to have been sold to persons who had not troubled to have their ownership recorded on the books. To reach them, the company turned to newspaper advertising. After more than two-thirds of the Republic stockholders had consented to the plan, the stockholders' meeting was called off on account of the uncertainties in the gold case in Washington and the effect these would have on a sale of securities.

Two stockholders had brought suit meanwhile, both attacking the proposed payment of 50,000 shares of stock to Kuhn, Loeb & Co. and Field, Glore & Co. for their services in underwriting. One of these was Norman C. Norman

of New York, who brought the Baltimore & Ohio bond to the United States Supreme Court as part of its famous gold case. The preliminaries have cost the companies \$1,200,000. Part of this has been the extra costs of registration with the new Securities and Exchange Commission. The registration has been the most expensive yet attempted. The report is not true, however, that the companies have been at "loggerheads" with the commission or that the proposition was twice rejected. Nor does the report seem to have been correct that a minority in Corrigan, McKinney or some other interest had cooled on the whole proposition and had put the government up to it as a way of getting out gracefully.

Preliminary hearing is Feb. 19, but there is no indication of how rapidly the court will hear the case on its merits. Because either side may find itself carrying the case to the Supreme Court (possibly directly, as the Appa-

lachian Coals case went), it is realized that months may be consumed.

The company believes the court will not find it restrains competition in the steel industry if the companies owning the control of Corrigan, McKinney accept the stock they acquire in Republic, in trade for the property, and pass it on immediately to the holding companies or individual owners. The stock will not come to rest in the hands of another steel company, only in the hands of owners. Furthermore, the company contends, the merger will not reduce the net amount of competition in the steel industry, but will rather enhance it by the addition of a million tons of capacity to the nearly 5 million tons controlled by Republic.

If the reduction of the competition between any 2 companies is contrary to law, its officials point out, then any merger in any industry will reduce competition and thus all mergers are against the law.

Triple Threat for Cement

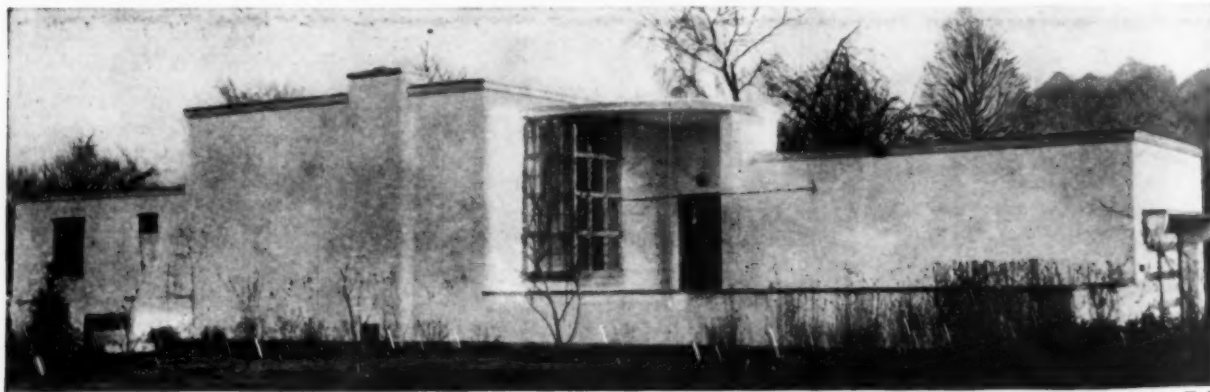
Overcrowded cement makers fear further crowding by government and 2 kinds of foreign competition.

LATEST figures on cement production and shipments, plus recent developments at Washington and within the industry are giving stockholders and executives of cement companies a lot to worry about.

Those searching for good news with a spyglass find some consolation in the fact that 1934 shipments topped 1933 figures by 18.1%, but they admit that, with 1934 production reaching only 29% of total capacity, the industry has still a long way to climb out of the red.

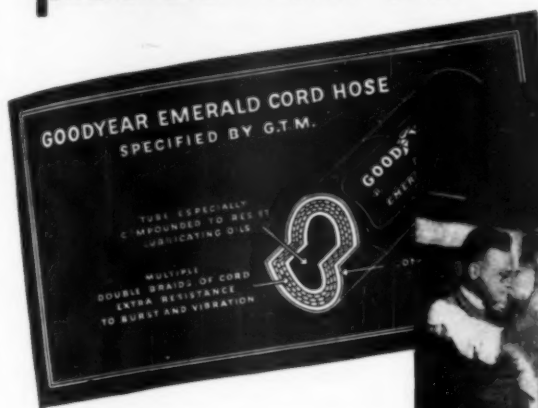
Right now, realists see the industry hovering in the shadow of a triple threat.

Threat No. 1—the recently revived hint that the government might go into the cement business, after similar tactics employed less than a year ago eventually forced a truce that gave the Tennessee Valley Authority its "acceptable" price on cement requirements and released to manufacturers some badly needed orders (BW—Oct 27 '34). It is noted that, this year, the threat came from higher up, and that it is more potent now, since demands for cement will increase with the various government projects and public works activities under way. The realists sadly conclude that, if the industry doesn't want to have the govern-



ALL-ELECTRIC HOUSE—This product of an effort to provide a new-type house completely equipped with electric appliances at as low a cost as less-modernized homes, will be formally opened in General Electric's Nela Park, Cleveland, on Feb. 18. It is built of standardized units that can be fitted into different shapes to avoid exterior monotony, has 7 rooms, 2 baths, basement. Designed by former Vice-President Frech, it reflects GE's growing interest in modern housing—with modern appliances.

IF YOU KNOW A HARDER TEST FOR AIR HOSE please tell us



GOODYEAR engineers were testing a new type of air hose—putting it through a “third degree” such as no hose had ever stood before.

For air hose gets cruel and unusual punishment, even in everyday service. Heavy-laden trucks may run over it, cracking the carcass. Hot oil works through the line, disintegrating the tube. Dragging over rocks cuts the cover.

For years they had experimented with new rubber compounds for tubes; with extra-tough cover stocks. In place of the customary fabric body, they wove a new type carcass of multiple, double-braids of high tensile cord.

Then, they built up a hose. Theoretically it should last months longer under hardest usage. But they wanted to be sure.

Boiled in oil—then beaten

So they gave it “the works.” First they forced boiling-hot oil through it under pressure. It stood that longer than any other hose!



Boiling-hot oil—under pressure



Stood up under trip-hammer test TWICE as long

In this test, the hose was attached to an air hammer to duplicate actual service conditions. The tube of the Goodyear hose swelled 50% less than the other types of hose tested and, furthermore, there was no flaking of the tube to clog the hammer.

The trip-hammer test

Fine, so far. But what would happen if a heavy rock or truck crashed down on it?

They put it under a trip-hammer. *Crash!* The hammer smashed it flat—for a second. Up came the hammer—up came the hose, as

good as new. Again and again and again. Other hose cracked and split—but that new multiple-braided carcass came back under **TWICE as many impacts!**

That is how the Goodyear Emerald Cord Air Hose was developed. And it has proved itself to be as good as these “torture” tests indicated, by lasting *three—four—five* times longer on the same job than other makes of hose—cutting hose costs as much as 80% in some industries!

Job-fitted by G. T. M.

All Goodyear Hose—air, steam, acid, oil, paint, water and gasoline—has been specially developed for its particular service, and is individually specified to your operation by the G. T. M.—Goodyear Technical Man. Why not consult this practical expert on your hose problems? To reach him, write Goodyear, Akron, Ohio, or Los Angeles, California.



THE GREATEST NAME IN RUBBER

GOODYEAR

ment as its biggest competitor, it will once more have to bring prices down—which means dipping deeper into the red ink and the stockholders' pocket-book.

Threat No. 2 (which also bears the Washington label). Imported cement has been an increasingly disturbing factor in most of the seaboard marketing areas, as foreign makers, suffering from depressed conditions, have been looking for places to unload surpluses, and have found ship owners with idle bottoms willing to cooperate. Despite the fact that they had to pay 6¢ per 100 lb. duty, they could underbid American makers and so captured considerable business.

Pawn in Tariff Game

Those who are following current White House moves on tariff revision contend that the cement rates are among the chessmen used in the game by some of these "favored nations" that want to ship cement into this country. They whisper that, among the agreements shortly to be announced, is one that cuts the tariff by 50% and permits imports equal to 1% of current domestic consumption.

Cement men argue that, with foreign makers already underselling the domestic by 25¢ or so per barrel, further tariff reduction will drive prices down all over the country. They mean that domestic concerns which have, up to now, served the seaboard areas will go after inland business, most likely with a price weapon.

Threat No. 3, according to insiders, flies the Danish flag. The firm of F. L. Smidth & Co. of Copenhagen is one of the world's outstanding makers of cement mill machinery, has, in the past, supplied considerable equipment to American cement plants. The industry's building boom, which started in 1920 and nearly doubled domestic producing capacity, came to an end in 1930. Since then, there hasn't been much new business. With cement consumption dipping well below 30% of capacity in 1932 and 1933, there was no need of new equipment.

Recently, the industry was rocked by the news that a new cement plant is being erected by the National Cement Co. at Brodheads, Pa., right in the heart of the famous Lehigh Valley cement-producing district. "And a good-sized one at that," old-timers added. Kilns are 10'x372' (among the largest in the world)—which means well over 1 million barrels annual capacity.

Overseas News

No one inside the industry knew who was backing the new enterprise, but when the receiving end of a Washington grapevine service reported that the strategists of the new company did not seem particularly well-posted on NRA code requirements, a circumstance hardly possible if American interests were in-



FEWER BRICKS, LESS COST—One new method of reinforced brick construction sponsored by brick makers to meet current demands for low-cost houses. These walls in a new Woodstown, N. J., home have just one layer of 4-inch bricks; wood struts supplant the usual inner layer.

involved, cement stockholders who had a more than passing interest started to investigate. They found that the trail led straight across the big pond.

In its issue of Dec. 4, 1934, the Danish newspaper *Arbejderbladet* complained that the Danish Cement Trust could get anything it goes after, cited the fact that in July, 1933, it had government guarantees to a total of 5.2 million Kroner to draw on and a promise of 7.8 millions more, added that with those guarantees it is building cement plants in the United States, England, Australia, and other "safe" countries.

Another Danish newspaper, the *Extra Bladet*, on Nov. 2, 1934, quoted as one of the bright spots in the news that a whole shipload of Danish cement machinery had left in a Danish ship for the United States. Then, in the Dec. 31, 1934, issue of another Danish newspaper, Gunnar Larsen, prominent Danish industrialist and president of the F. L. Smidth & Co., is quoted as saying that 1934 was the greatest year in the history of the industry.

Putting this and other supplementary information together, these investigators concluded that the American cement industry was facing a foreign invasion.

Reinforced Brick Masonry

Brick makers, after several tough years, plan to reinforce their sales-building job with a new construction idea backed by a new promotion drive.

BRICK makers who have been quarreling inside the lines are now united behind a barrage of cooperative promotional activities to prevent deeper invasions of their markets by competitive materials, support sorties into enemy territory.

This news follows stormy sessions of the Brick Manufacturers Association of America when delegates to the New York convention last week listened to complaints of unfair code assessments, watched opposition to extra levies for promotion, heard talk of secession by one of the most important producing districts of the country.

"Jitteriness," they explained, was excusable at a time when large brickyards in some localities are being manned only by the watchman. Conversely, the final agreement on a recovery program is cited as highly encouraging.

Sales have been on the toboggan ever since 1927, when the industry produced 7 billion common bricks. Though various extensive promotional activities were still under full steam, the total dropped 20% in the next 2 years. Then the depression pushed the props from under market-building campaigns. The 1931 production was only 2.3 billion bricks. By 1933 the statisticians were

having a hard time to keep the figure above the billion mark. And estimates of 1934 production put the total for the industry at considerably below 1933.

Makers of special types of bricks such as paving, block, and face brick had no better luck. Comparative figures of the U. S. Census of Manufactures show that, after suffering declines ever since 1927, these branches of the industry saw 1933 production slip to less than one-third of what it was in 1931. In fact, insiders estimate that the whole brick and clay products' industry worked at about 10% of its actual capacity in 1934, although some Southern manufacturers "allow" that their business "picked up quite a bit" during the year.

Attack Expense Propaganda

Leaders recognize that makers of competitive construction materials have succeeded in building up a certain amount of prejudice against brick on the contention that "brick construction is expensive." The promotional activities now in the works are designed to dispel that idea and to expound the advantages of brick in construction work.

The 3-year program for the industry, outlined by Ralph P. Stoddard, manager of the association, provides for comprehensive steps toward standardization and progressive promotion under the guidance of a steadily expanding staff of brick-minded engineers and a steadily broadening schedule of advertising.

Many brick makers believe that the industry can get back on a solid and prosperous basis via the "reinforced brick masonry" route. The association has spent much time and money in developing practical methods of reinforced brick construction that boast all the advantages of non-brick construction at the same or even less expense, with the added features of greater flexibility in design, more permanency, and lower upkeep.

Develop Low-Cost Houses

With an eye to capturing a larger slice of the market for materials, when the impending boom in residential building gets under way, brick makers are developing types of low-cost brick houses, some using steel as reinforcing material, others designed for utilizing easily obtainable sizes of lumber. They claim that comparative figures on cost show that, in certain sections, brick houses built in accordance with these new plans can be erected at approximately the same cost as when made from other building materials, with the problem of upkeep cost limited to such items as roofs, windows, and doors.

Brick makers in metropolitan districts, however, look less to the residential market, more to such new jobs as sewage disposal plants, water works, bridges, and other large utility construction where the use of new bricks is imperative. They realize that, before

Rule of Thumb



HERE's a simple rule of thumb to follow in solving the problem of elevator maintenance—the concern that made the elevator knows best how to take care of it.

Otis Elevator Company is as fully equipped to care for elevators as to manufacture them. Its Maintenance Service was organized years ago and today is nation-wide.

The best way to see what Otis Maintenance can do is to inspect an elevator that is under this Service. Ride up and down in the car and note how smoothly and silently it goes into action. Go up into the control room and observe how brakes and electrical control devices are in perfect adjustment. Note how the vital parts have been protected against the dust enemy and how clean and spotless everything is kept.

The best way to see what Otis Maintenance can do in your building is to give it a trial. This Service is available at an economical monthly rate. It is being rapidly adopted by large and small buildings all over the country. Telephone the nearest Otis office.

CONSULT YOUR ARCHITECT

A relatively small expenditure on building modernization is solving the tenantry problem for many building owners. Your architect can show you how a modernization appropriation can be used to advantage.

OTIS ELEVATOR COMPANY

they can benefit directly from residential construction, the market must absorb a big stock of second-hand bricks.

Hundreds of obsolete buildings were demolished during recent years because there were no tenants available and owners figured that they might better pay taxes only on the land value. House wreckers found labor cheap and

decided that bricks and lumber could be cleaned off, salvaged for future use at a cost that would insure a profit later. So the second-hand yards are loaded down with used building materials that can be bought at a third to half what new materials would cost. A survey in one large city disclosed over 50 million second-hand bricks awaiting a buyer.

Revise Food and Drug Bill

Copeland makes a dozen important changes in his food and drug bill, satisfies critics in both camps; but committee blocks quick action, orders public hearings.

PROSPECTS for enactment of a new food and drug bill (BW—Jan 12, Jan 19 '35) were materially strengthened this week with the presentation by Senator Copeland of his revised bill (S. 5) and with the general approval voiced by the Administration and by various important elements within the several industries affected.

It was not expected that any further changes of significance would be made by the Senate Commerce Committee which took the redraft under consideration Thursday. As a matter of fact, it was reported that Copeland hoped the bill would meet with approval just as it stood and would be reported out to the Senate for action in the immediate future without the necessity for public hearings.

In this wish it is understood that he was again supported both by the Admin-

istration and by various industry organizations. However, there were notable exceptions in the latter group, including the Proprietary Association, which will continue fighting the measure to the last ditch, newspaper publishers—particularly those in small towns who lean heavily on advertising revenue from proprietary accounts—and the Association of National Advertisers. These organizations prevailed; public hearings will be held.

Many other organizations, including the Advertising Federation of America, magazine publishers, advertising agencies, and the Associated Grocery Manufacturers of America whose counsel, Charles Wesley Dunn, had a hand in formulating the latest committee draft, had either tacitly or officially voiced their approval of their bill, their willingness to dispense with hearings

which might again give rise to unfortunate publicity and consumer agitation.

Consumer representatives are also ready to endorse the revised version, although they are disappointed that it contains no provision for the establishment of a quality grading system. This objective they are still determined to fight for, though the Food & Drug Administration, which has never been too enthusiastic about the idea, will not join them in these demands. Right now, agitators are pinning their chief faith on the President, hoping he will include a grading recommendation in the message which he is expected to send Congress urging passage of the measure. If they fail in this respect, they will press for the establishment of standards via the code route or by means of separate legislation.

Congressional opinion on the question of food and drug legislation is in a good deal of a mess, thanks to the inordinate amount of pressure which has been brought to bear on Senators and Representatives during the past 2 years. However, if the bill ever gets to the floor, it is likely to pass in pretty much the same form it comes from committee—speeches for the Record notwithstanding.

Currently, it is most probable that that bill will contain the dozen or so important changes made by the Senator this week. Those revisions are:

(1) The alternative provision which would have permitted drug and food manufacturers to file their formulas with the Secretary in lieu of a complete listing of ingredients upon the label has been deleted. To afford some protection for private formulas the requirement that such ingredients be listed "in order of predominance by weight" has also been stricken out.

Allow Ban on All Seizures

(2) Multiple seizure provisions, which would have given the Administration unrestricted right to make at least 3 seizures, have been revamped to permit courts "to restrain by injunction, temporary or permanent, any multiplicity of proceedings," subject to any conditions deemed necessary by the court.

(3) Penalties would attach not only to the prohibited acts but to "the causing thereof."

(4) The authority of the Secretary and the Committee on Public Health to add "any disease" to the list of those for which the advertising of curative claims would be forbidden has been restricted to apply only to diseases "perilous to the life of the individual or to public health."

(5) To restrict the Secretary's powers in the establishment of food tolerances it is provided that no poisonous or deleterious substance shall be added except when required in production or when it "cannot be avoided by good



BOARD MEETING—The U. S. Board of Tea Experts in annual session. Expert tea tasters, these men met last week in New York for their week's job of setting standards for 8 types of tea for 1935. Rapid deterioration of tea compels the setting of new standards each year. And this board is the supreme court.

International News



...and it's a *man's-sized* job for us all

THERE'S a sign like this on every store window in the country—for the manufacturer who's smart enough to know it's there.

What does it mean? Just this:

"You can't sell any more than we retailers manage to sell for you. Don't just sell *to* us — *help us sell our customers*. The better job you do, the more money both of us will make."

Your biggest need — your biggest opportunity — are in the field of retail merchandising. Has it occurred to you that the American Can Company should be in a position to help? Indeed, what more logical source of information about marketing packaged goods, than a

company with such wide experience in building successful packages and displays?

The modern package — the modern point-of-sale display — are more than so much fibre or metal. They are *selling tools* — to speed the flow of goods where retailer and consumer meet. To build them successfully we have had to study marketing. We have had to know what goes on in retail stores, and in consumers' minds.

You have a marketing problem? — or believe your product could move faster than it is doing at the present time? Drop a line to the Sales Promotion Department of the American Can Company, 230 Park Avenue, New York City—possibly we can help. Whether or not your problem concerns packaging and display, we should be glad to talk it over with you and contribute what we can.

Why does American Can Company concern itself with problems of retail merchandising?

Our reasons are the same as yours. We cannot sell more packages than you sell for us—you cannot sell more than the consumer buys. The consumer is our common goal.

**AMERICAN
CAN COMPANY**

GET RID OF END-OF-MONTH JITTERS!



Send Your Billing Out on Time!

The nerve-wracking, mistake-creating grind at the end of every month can be eliminated with the Egry Speed-Feed, which puts billing machine performance into your typewriter at a cost of only 2c per day for one year! Steps up the output of typed forms as much as 50% and more! Eliminates the costly handling of loose forms and carbons, and the use of high-priced, pre-inserted (one time) carbons. Uses Egry Continuous Forms. Keeps all copies in perfect alignment.

Makes your typewriter do double duty—a correspondence machine one minute, a billing machine the next. Saves time, labor, money. Gets your billing into the mails on time! Put the Speed-Feed to work in your office. It pays dividends the minute it is installed.

Write for facts on this newest, speediest business aid. Demonstrations can be arranged without obligation to you. Use the coupon.

Requires no change in typewriter construction or operation.

EGRY SPEED-FEED

THE EGRY REGISTER COMPANY BW-2
DAYTON, OHIO.

Please send information on The Egry Speed-Feed.

Name.....

Address.....

City.....

Business.....

manufacturing practice," and the Secretary is required to take these conditions into consideration as well as "other ways in which the consumer may be affected by the same poisonous or deleterious substance."

(6) The provisions declaring a food adulterated if it is filthy, contaminated, or contains a coal tar color other than one from a certified batch have been made applicable likewise to drugs and to cosmetics; the provision authorizing the Secretary to establish cosmetic tolerances has been completely dropped.

(7) The provision declaring a drug adulterated if it contains any substance rendering it injurious under conditions of use described in the labeling "or advertising" thereof has been retained despite objection and extended to cosmetics.

(8) Authority granted the Secretary to reinstate permits for food factories, cancelled because of violation, has been modified to make such reinstatement considerably more certain.

(9) The provision which would have required publishers and broadcasters handling advertising placed by a person in a foreign country to establish a guarantee of full responsibility signed by a distributor of such product in the United States has been omitted.

(10) The clause governing dealer liability has been revised to provide that dealers, to avoid prosecution, must obtain from manufacturers not simply "a guarantee of full responsibility" but rather an outright statement that the manufacturer's products are not adulterated or misbranded, that advertising supplied the dealer is not false.

Food Profit Probe

Wheeler rallies support in Congress for FTC investigation of food processor-distributors' profits.

LEADERSHIP in that disjointed warfare on the high cost of distribution which various government agencies have waged more or less continuously since the depression began, seems destined to pass from Secretary Wallace and the AAA (BW—Mar 3 '34) into the hands of the Federal Trade Commission, thanks to the support which Senator Burton K. Wheeler is daily rallying behind his Joint Resolution No. 9.

Passed by the Senate last spring but neglected by the House in the closing rush of legislative activity, the Wheeler resolution would authorize FTC to investigate and report (by July 1, 1936) the extent of the decline in agricultural income; the financial position of principal food processors and distributors, including capitalization, assets, costs, profits, rates of return, taxes, and officers' salaries; the extent and methods of monopolistic control in this field; the

status of cooperative agencies and their effects upon producer and consumer.

Supporters of this resolution, including various consumer groups and farm interests as well as the National League of Commission Merchants, consider that its chances of passage are very good, for Wheeler got his bill in the hopper early, and this Congress, heavily weighted with liberals, is strongly inclined to suspect "the enormous profits of industry."

In this connection, proponents cite with enthusiasm the Agriculture Committee's report of last year estimating that in 1928 the farmer got 47¢ of the consumers' dollar and the distributor and processor 53¢, that in 1932 the figures were respectively 33¢ and 67¢. An appropriation of \$1 million for the investigation was recommended by the committee last year.

Mail Racket Ban

Senate passes bill barring unsolicited merchandise from the mails.

MANY a Christmas necktie, which might better have been born to blush unseen, collars a customer through the high-powered merchandising methods of the "buy-it-or-return-it" concerns. For years, widespread complaints have demanded that the Post Office Department put a stop to this nuisance. Twice such a bill has been passed by the Senate only to be talked to death in a House committee by religious and charitable organizations which turn a pretty penny by this scheme.

Again the Senate has passed the bill. This time, the Senate committee, hoping that a compromise might carry the bill to final enactment, exempted eleemosynary organizations. This exception was withdrawn prior to passage, however, on the recommendation of Postmaster-General Farley, who asserted that the whole business is a nuisance. The bill may come up in the House Post Office Committee soon—and again it may not.

Even legislation might not write certain finis to this practice, for it is hard to reach. The bill provides that unsolicited merchandise shall not be accepted for mailing. Most of the big operators can dodge the Post Office Department's clutches; small fry cannot be apprehended.

Insurance Prospects

Credit men analyze coverages, do good turn for insurance men.

THE impression that the country is over-run with insurance salesmen and that American business is protected against everything but Gabriel's horn is wrong, according to an insurance survey which the National Association of Credit Men

has just completed among its manufacturing and wholesaling members. Only 39% have complete coverage against fire and so-called inland marine risks. In 90 cases out of 100, members who have neglected specified lines, haven't been solicited for them.

Incidentally, the survey, sponsored by London Assurance and associated companies, not only tipped off the entire insurance field to a potential \$350 millions of annual premiums, but spotted the man to sell. In 85% of the member firms questioned, the credit executive was also the insurance buyer. Are their secretaries going to be busy?

Lack Adequate Coverage

Fire insurance is almost universally carried. Only 4% of the firms do not buy it, and among them self-insurance devices are common. Here is how far coverage falls below what the insurance company thinks is adequate in other types of protection:

Kinds of Insurance	% That Need It	% That Have It
Fire	100	96
Windstorm	100	41
Business Interruption	55	39
Profits or Commissions	45	25
Rents or Rental Value	45	17
Sprinkler Leakage	58	64
Explosion	100	35
Riot, Strike, Civil Commotion	100	29
Rail Shipment	87	12
Truck Shipment	91	18
Parcel Post (Company, not Gov't)	76	40
Salesmen's Samples	63	10
Auto Fire and Theft	100	52
Auto Collision	100	30
Truck Fire and Theft	76	86
Truck Collision	76	35

Creditors seldom pay any attention to whether or not the concerns that owe them money are protected. Thirty per cent expect their debtors to have fire insurance; 7% inquire about windstorm and sprinkler leakage coverage. Other hazards are largely disregarded.

Stock companies write 85% of the business (in number of policies; no accounting was made of amounts), mutual companies 15%.

Auto Liability Popular

Car and truck fleet operators pay much more attention to liability than to fire and theft hazards; 73% of firms with employees driving cars and 97% of those using trucks have public liability and property damage indemnity.

The crime wave has driven 58% of the concerns to take out robbery and burglary insurance, and 41% purchase check alteration policies, but only 38% carry individual fidelity bonds and 28% schedule fidelity bonds.

Business life insurance has become an important thing with 42% of business firms having group life policies. Group disability has been taken by 12%. So far only 3% have started group retirement annuities.

from now on, **BLAME YOURSELF** **IF YOUR FLAT ROOF fails!**



A roof (NOT tar) being taken off after only 9 years of service.

KOPPERS ROOFS PROTECT INVESTMENT

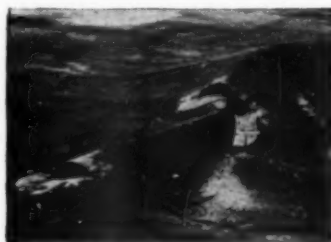
This nation today is going painfully through a vivid but expensive lesson about roofings. Millions of dollars have been invested in roofs which are failing in a fraction of their expected life. Hundreds of millions of building investment money is being endangered by roofings that cannot keep out the elements.

This situation arose from the use of other materials in place of genuine old style coal tar pitch. For generations, pitch roofs have been lasting 20—30—40 years. But many of those other roofs fail in four to eight years. Today, many roofers are refusing to put anything but coal tar pitch on flat roofs. If you have any flat-roofed buildings, send for the folder "Do's and Don't's" which shows what happens to roofs and why. If you have a re-roofing job get in touch with us. 10-15-20 year Bonds can be furnished.

KOPPERS PRODUCTS COMPANY

KOPPERS BUILDING

PITTSBURGH, PA.



This roof (NOT tar) completely ruined in seven years.



This roof (tar) in fine condition after 24 years (Lonsdale, R. I.)

"Koppers products protect"

Tarmac Road Materials
Wood Preservatives
Roofing Pitches
Roofing Felts
Waterproofing
Industrial Pitches
Crude and Refined Tars

KOPPERS
ROOFS LAST

Tar Base Coatings
Tar Base Paints
Pitch Coke
Tar Acids
Benzol
Naphthalene
Agricultural Products

These and other Koppers Products have won a lasting place in hundreds of industries.

Dress Pattern Progress

A New York style show reminds retailers that pattern publishers are right on the heels of Paris designers, that an age-old business retains its vitality.

By the chill light that filters through icy windows, merchandise managers are busy preparing their spring style drives. Vital to piece goods departments, important to many other sections, are the new patterns. Though the sewing machine is no longer an inevitable item of home equipment, vigorous selling coupled with skilful styling has enabled patterns to hold their own.

Pattern producers repudiate rumors that they enjoyed a boom during the depression. Like most other businesses, theirs suffers when people are hard up; it recovers when people start spending again. Patterns hit bottom in 1932. Improvement came in the fall of 1933, but not soon enough to make an increase for the year. Estimates place 1934 ahead of 1933 by about 10%.

Push Pattern Styling

Formerly pattern styles were largely staples, but during the past years pattern designers have gone intensively into styling. They buy Paris models for copy and inspiration, they shift lines and silhouettes with the rapid veering of feminine fancy. The McCall Co., one of the pattern leaders, recently held its own style show in New York. Languid beauties displayed 40 dresses made from new spring and summer patterns. Subsequently a quarter million housewives, patrons of 150 department stores from coast to coast, are expected to view the dresses—and wonder if they would look as well in them as do the models.

Stores do not make money on the sales of the patterns themselves. Prices per pattern range from 15¢ up, with the best designs averaging about 40¢. Retailers are sold on the idea that patterns are a service that gives the initial impulse for a long series of sales. The pattern buyer first invests in piece goods—and heavily too. Then the sale of notions is spurred—thread, buttons, needles, tape, hooks and eyes, etc., etc. While these are the inevitables, the dress is merely the start of a costume; subsequent sales possibilities include scarf, belt, hat, gloves, bag to match, stockings, shoes—perhaps, even, a foundation garment to apply pressure at Rubenesque curves.

Stimulate Big Business

McCall made a breakdown of 10 patterns to show their stimulating effect on retail trade. For these patterns, 490,850 women paid \$187,000. Sale of materials netted \$3,563,571 more—an average of \$7.26. Some \$100,000 additional was spent on shoes, bags, millinery, and accessories to go with the

gowns. On top of all this is the fact that patterns "build traffic"—they induce women to wander about the store seeing things they ultimately buy.

Many pattern "publishers" still use the blank tissue pieces with mysterious numbers and holes, and from these, the initiate construct dresses by means of explanatory key sheets. In 1920, McCall pioneered the printed pattern. Not only was each piece labeled for what it was, but instructions were printed on it and accuracy was aided by a patented double outline between which it was easy for scissors to make a perfect cut. Variations on this type of printed pattern—all a boon to inexperienced seamstresses (and retailers)—are sold by *Pictorial Review*. The Butterick Co., pattern makers to our ancestresses, and *Vogue* in the higher price class also do a big volume business.

The above companies sell mostly to department and dry goods stores. Competing with them are concerns which supply principally the vast chain and mail order demand. Largest of these is Simplicity, which claims that it ships more patterns than any other company, and the New York Pattern Co., which aids in private brand activities by furnishing envelopes printed with the retailer's name.

Pattern Permanency

Depressions may come and go, but the pattern business goes on practically undisturbed. Women who don't know how to sew-their-own are intrigued into the activity by those who do, and lately department stores have nurtured the movement on a grand scale by affording instruction. Result: a decided increase in the number of informal gatherings of females who talk of this and that as they stitch and pin. It was the same in the day of Ug, whose Neanderthal helpmate called in the girls to help style the pelt of the recent kill. Pattern makers think it will be the same a century from now. At least they hope so.

Follow-Ups

When the news broke, *Business Week* told the story. Later developments add these postscripts.

AMONG the first of the retail sales tax measures which state legislatures threaten to enact during the present season (*BW*—Dec 29 '34), is the Colorado law signed by Governor Johnson last week.



TELLING THE SENATORS—One of the country's leading cotton merchants tells Senate agriculture committee about the cotton situation. W. L. Clayton, partner in the Houston, Tex., firm of Anderson, Clayton & Co.

The 2% tax, which will be effective from March 1, 1935, to July 30, 1937, is expected to raise \$4 millions for state relief purposes.

The Colorado tax will be collected on the sale of all "tangible properties," including gas, electricity, telephone, and telegraph, but excluding barber services and medical and dental care. All tobacco products as well as gasoline, beer, and liquor are exempted by provisions which ban collection of the tax on commodities bearing a 12½% federal excise and those on which special excises have already been levied by the state.

CLOSED by vote of the stockholders after 3 successive strikes, with the explanation that labor terrorism rendered further operation impossible (*BW*—Dec. 29 '34; Jan 19 '35), the Hamilton Woolen Mills at Southbridge, Mass., have been reopened. But the reopening, it was explained, was purely temporary, would end when orders now in hand were filled and the present stock of goods was exhausted. Meanwhile, from 600 to 1,000 workers—strikers and non-strikers alike—find temporary reemployment.

OFFICIAL advices from Havana indicate that most of the fears which American tobacco growers voiced after the Cuban reciprocity treaty went into effect last year (*BW*—Sept 1; Dec 15 '34) were groundless—at least in so far as 1934 was concerned. Domestic growers complained that the "18% quota" system

would not adequately protect them; as a matter of fact, American demand for Cuban leaf tobacco slumped off last year. Exports of Cuban cigars to the United States did, however, pick up, indicating that there was somewhat more substance in the alarms of cigar manufacturers.

THEY can be sold train rides. The Zephyr gained 193% in passengers over the steam train it replaced, while the Burlington system as a whole showed only 26% gain over a year ago. The traffic is so heavy that a fourth car is being built for the train. Now an extra section, steam-powered, follows it—and promptly was christened "The Tail Wind" by the natives. Two additional Zephyrs are to go into service April 1 on the Chicago, St. Paul-Minneapolis run. There's business there, too. The North Western's now "400" (BW—Jan 19'35) with a mile-a-minute schedule, carried 10,000 passengers in January, its first month. Its earnings have been more than double the direct cost of operation. It hasn't hurt other North Western trains.

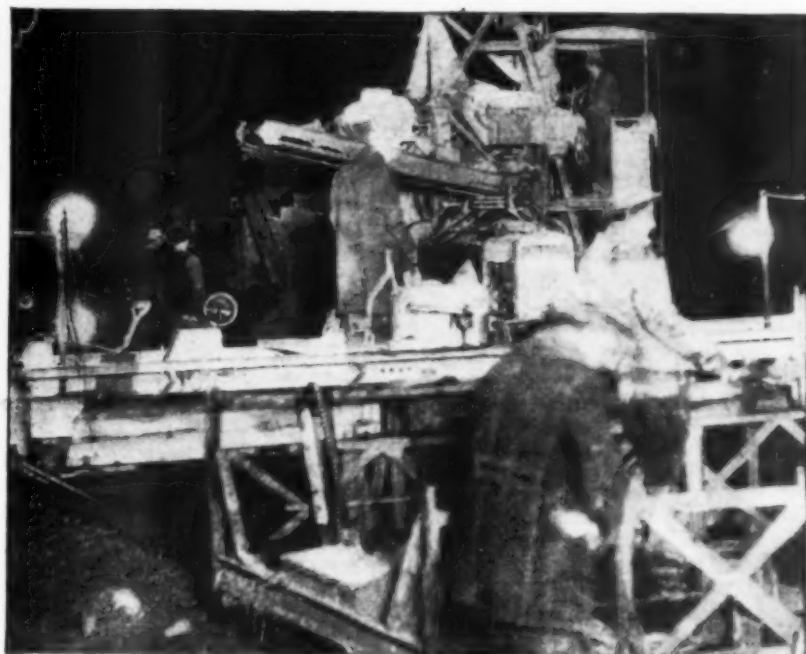
THE work shirt industry has received another setback in its fight against prison competition (BW—Nov 17'34). Kentucky is the locale of the latest battle. Contract has been let for garment manufacture by 500 convicts in one state prison; negotiations are under way for another. Appeals to Gov. Ruby Laffoon are not expected to get anywhere; he has already indicated that the state is badly in need of the revenue, and since the prison compact authority has been accused of protecting rather than controlling prison labor production, the last hope seems to be the President. The free industry got a bad case of jitters recently when the company which has the Kentucky prison contract reduced from \$5.32½ to \$4.50 per dozen the price of work shirts which the free industry had been selling at \$5.45.

STOCKHOLDERS of Montgomery Ward & Co. fussed when Sewell Avery took the managerial helm of the pioneer mail-order house. At the 1934 stockholders' meeting they kicked about Avery's lack of mail-order experience, his salary, and the terms of employment (BW—May 5'34).

Last year Ward sales showed the very healthy increase of 32.4% over 1933.

Hence, Mr. Avery recently exercised an option (part of his employment agreement), bought from the company 50,000 shares of common stock at \$11. The price of the stock on the exchange ranged between \$25 and \$30. If resold promptly, there was a cold \$½ million profit to be made, less taxes. Mr. Avery has until the end of 1935 to buy 50,000 additional shares—also at \$11. Ward also made a profit on the deal, because most of the shares were bought at an average cost of \$8.

CHANGING DOLES INTO PAYROLLS



BILLIONS FOR JOBS NEXT SUMMER —BUT WHAT ABOUT THIS WINTER?

Concrete construction fits logically into thousands of work-relief projects, large and small. It is simple, starts quickly, provides large local payrolls—a big help in changing doles into pay-checks.

Yet, right now, any number of jobs already under way, are closed down on account of cold weather—and many more, authorized and ready to go ahead, are waiting for Spring before work begins.

Why Winter Work Stops

Maybe that used to be necessary—because in Winter it takes longer for concrete to harden, and that often means expensive protection against freezing.

But now all that has been changed by an improved Portland cement called 'Incor,' which hardens five times as fast as ordinary concrete, reducing risk of freezing, lowering cost of heat protection,

and making possible steady work for labor, even in mid-Winter.

Summer Schedules in Winter

Instead of those "endless" days, standing around a fire, waiting for concrete to harden, work can now proceed on Summer schedules. For example, the Ohio road job, illustrated above, went ahead without interruption, even at zero temperatures.

Why let cold weather retard the re-employment program, at the very time men need work most? Tell your local work-relief officials to use 'Incor' 24-Hour Cement, to provide the largest possible amount of work during the rest of this Winter. 'Incor' is made and sold by producers of Lone Star Cement, subsidiaries of International Cement Corporation, New York; also sold by other cement manufacturers.

*Reg. U. S. Pat. Off.

'INCOR' 24-Hour Cement

Two Years More of NRA

When Congress finishes with the Administration's new NIRA, there will be some changes, but powers and activities will be much the same; defer action on 7-a

PROBABLY resulting in a two-year extension of NRA with present powers essentially unchanged, a renewed National Industrial Recovery Act has been roughed out by the Administration.

Section 7-a will not be meddled with, will be left for later action when Senator Wagner reintroduces his Labor Disputes Bill to set up procedure for collective bargaining under a permanent labor board.

When Congress gets done, there will be some changes, but generally less important than they look. Price-fixing, for example, may be frowned upon but emergency leeway will be left for the President to regulate the natural resources industries and to correct such threatening price problems as sometimes beset the lumber industry and others. Considerably more discretionary power, it is expected, will be invested in the Administration board.

Licensing Feature Dead

The licensing feature, which died a year ago, is not likely to be revived, for, as General Johnson said, if the situation becomes so bad the government has to close down plants for non-compliance, it would be pretty much beyond federal cure. The President's power to impose codes upon recalcitrant industries, however, still remains. The penalty clause fining offenders at \$500 per day, with power to imprison, may be made less stringent.

To avoid adverse rulings of the Supreme Court against vague delegations of power, as in the oil case, clarifying clauses are likely to be inserted in several sections. As a safeguard, it is possible that some provision may be made confirming the codes hitherto approved as having the strength of law.

Cooperate on Draft

The several federal agencies interested in NRA have been working on proposed amendments to the law. The departments of Justice and Labor, the Federal Trade Commission, the AAA, the NIRB, and Richberg have been ironing out various proposals. These will be pulled together by Majority Leader Robinson and his colleagues into an initial draft which may be modified in committee after the hearings are completed.

The final measure will not be pushed by Administration leaders until the President has approved their work.

Efforts to place riders on the bill, particularly the 30-hour week proposal, are expected to be made on the floor. But the Administration has consistently

opposed a blanket 30-hour week law, and some of its supporters in the labor ranks are merely giving it lip service as a trading point. The overwhelming demand both within the government and outside for continuation of the NRA co-operative method indicates no major obstacles will be encountered.

Sears Slash

Sears' spring catalogue follows Ward's with price quotations averaging 15.95% below the offerings of last year.

WITH Sears, Roebuck & Co.'s new catalogue now in the mail, the battle of the giants in the mail-order business once more is on in earnest—and it appears that most of the spilt blood will be that of the rural merchant.

Sears delayed distribution of its spring-summer catalogue for 2 weeks after Montgomery Ward & Co. came out with its book. The new Sears prices average 15.95% lower than those of a year ago, while Ward's book called for 6% cuts on an average (*BW*—Jan 26 '35). With commodity levels on important lines rising 8% during 1934, the significance of these reductions is apparent.

Gen. R. E. Wood, president of Sears, sees in the rural sections the key to general recovery, and the new prices are designed to close the gap between farm commodity prices and living costs.

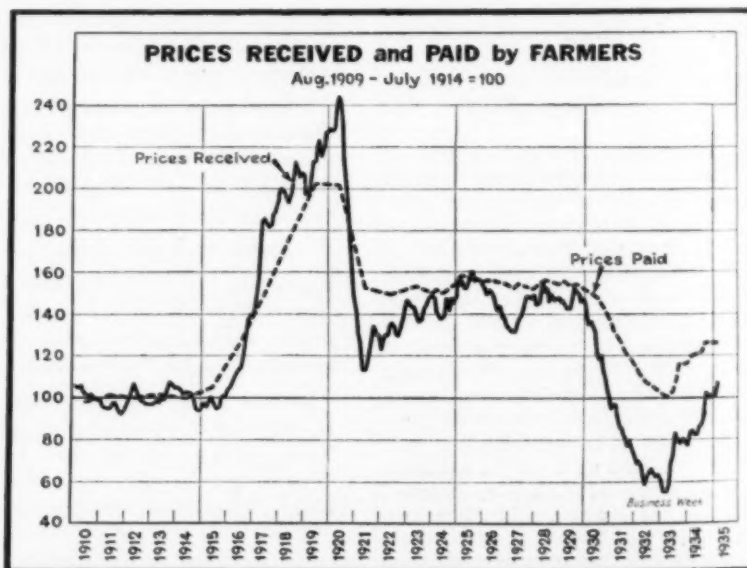
"Thus far," says General Wood, "only a relatively small proportion of the wants accumulated on the farms and in rural communities during the depression years have been satisfied. Although the higher farm commodity prices plus AAA payments have started rural buying, we believe that added impetus is necessary."

Accordingly, Sears proceeds to slash prices of wearing apparel 16.71% below those of a year ago; domestic goods, 19.18%; miscellaneous staples, 14.52%; heavy luxury items, 13.70%; light luxury items, 15.71%. Profit margins have been trimmed to make price reductions possible.

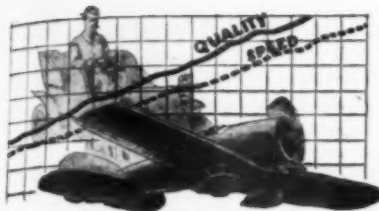
Also significant is the fact that Sears is making a strong bid for modernization business by offering to loan money to mail-order customers under terms prescribed by FHA; catalogues contain an application for such loans ranging from \$100 to \$2,000.

The new book also reveals advanced ideas in designs of merchandise and packaging. Cream separators have been streamlined and simplified. So have roller skates. Bicycles have come out in aluminum.

Sears' potent drive for mail order business was launched with a shipment of 102 carloads of catalogues out of Chicago to the South and Southwest; some 200 carloads for other sections are to follow. The whole issue is to weigh 9,000 tons; each book weighs about 3 lb.



FARM PRICE SPURT—Cattle, hogs, butter, egg prices, pushed up as a result of the drought while prices the farmer paid for other products remained relatively stable, put the farm index within striking distance of parity. AAA bonuses would add another 13 points to farm product income (page 34).



Speed has been Built on Quality

Among the most vital elements that have made possible the amazing records of soaring speeds in practically all forms of transportation during the past score of years, have been the electrical contacts that control the operation of the engines.

Mallory, through many years of research in producing constantly improved contact metals, has been an outstanding factor in making such speeds possible.

Mallory is the only company making electrical contacts for all classes of service. And it is significant that most of the automobiles built today are equipped with Mallory ignition points.

P. R. MALLORY & CO., Inc.
INDIANAPOLIS INDIANA

Cable Address Palmallo



© P. R. M. Co.



Huntington National Bank Building
Columbus, Ohio

Webster Heating Modernization cost \$3061.82 including installation and financing. Here are figures on savings, in tons

October	11.1
November	24.8
December	35.6
January	43.6
February	70.3

Total—in tons 185.4

CUTS COAL BILL 31 PER CENT EARNS 18 P. C. FIRST 5 MONTHS

"Since installation of Webster Moderator Control" writes P. W. Huntington, Building Manager, "we are able to maintain uniform temperature throughout the building, even in the Banking Section—a thing that was impossible under our old system" . . . "Your original estimate of savings was very conservative" writes Samuel A. Esswein Company, Modernization Contractors. Ask us to report on the possibility of reduced costs and improved heating service in your building.



WARREN WEBSTER & Co., Camden, N. J.
Pioneers of the Vacuum System of Steam Heating
Branches in 60 principal U. S. Cities—Established 1888

New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

"HOMMELAYA" is a new process for enameling refrigerators, ranges, washing machines, and other metal appliances or parts so as to produce desired color and design effects in 2 coatings and firings, where 3 have been required heretofore, thereby cutting the cost by a third while achieving superior results. O. Hommel Co. and Mellon Institute cooperated in developing it.

THE Anderson Frame Corp. supplies complete wooden casement windows in standard units, including frames, sashes, screens, hardware, weather-stripping and removable double "storm" glazing, all factory-fitted and primed with aluminum paint. Makers claim that factory-fitting of all units means better service.

THE Research Corp. is now marketing the Caloridor system of humidity control which lowers humidity and effective temperature without mechanical refrigeration, washes and cleans the air, and effects uniform distribution.

THE Isometer, made by Elgin Softener Corp., employs a new variable orifice for the accurate flow measurement of water, oil, steam, and other liquids or gases, is recommended by its makers particularly on a pulsating flow.

THE Du-Morr Laboratories offer a radial "wipe" device for use with Eastman Cine-Kodak movie cameras. It is designed to enable amateur photographers to obtain professional effects in which one scene is "wiped off" the screen by the next, avoiding an abrupt change.

A NEW padding for laundry presses and ironers, made from specially treated sponge rubber, is offered by Daymitsha Padding Co., subsidiary of Knitted Padding Co. Sales point is that it works efficiently with lower steam pressures and lasts indefinitely, thereby reducing maintenance costs and loss of time required for frequent changes of old-style paddings.

CARTER-LOCKARD Co offers for use in helmets worn by welders, a new glass that has been processed to prevent hot metal from pitting or adhering to it.

"GUNK," when mixed with water or kerosene, according to Curran Corp., will quickly dissolve mineral oils, grease, and grime. Its makers recommend it for degreasing jobs. Important sales feature is the fact that it comes in a concentrate, can be mixed as needed.

Modern CHEMICAL Developments XV

17. INCREASES LACQUER ADHESION

Hercolyn is a pale colored liquid resin that is compatible with nitrocellulose and soluble in all lacquer solvents or diluents. It is recommended as a combined resin and plasticizer in nitrocellulose lacquers. Small amounts in nitrocellulose lacquer greatly improve adhesion to metal surfaces.

18. PROTECTS STEEL PLANTS

Point that is properly formulated with Tonnesit, the new chlorinated rubber material, offers the ideal protection for steel plants, because of its high resistance to fumes, gas, smoke, soot, steam, and moisture.

19. FOR POWDER SCRUBBING SOAPS

Powder scrubbing soaps containing Yarmor Steam-distilled Pine Oil are powerful solvents, detergents, and deodorizers. They readily clean garage floors and other oily surfaces without leaving a slippery film.

20. STIFFENER FOR TEXTILES

Fabrics of all kinds can be stiffened and made waterproof with nitrocellulose lacquers. Textiles used in hats and various garments may be sized or stiffened advantageously with this material.

21. OIL-PROOF PACKAGES

Cardboard containers for hardware, tools, and other metal products that are greased before packing to prevent rust, are often discolored and made unsightly by the grease penetrating to the outside. Coating with nitrocellulose lacquer prevents this grease penetration.

22. CHEMICALLY CONTROLLED ROSINS

Hercules I, K, M, and N Wood Rosins are used extensively in the paint and varnish industry. They are clean, uniform, and brilliant in color because they are manufactured under strict chemical control.

23. VARNISH ROSINS THAT BLEACH

At temperatures normally employed in varnish manufacture, Hercules Pale Wood Rosins bleach. Grade I bleaches to the equivalent of N to WG; Grade M to the equivalent of WW or lighter; and Grade N to the equivalent of X or lighter. Besides the economy of this feature, these rosins have the advantage of cleanliness and uniformity.

More detailed information on any of the above subjects may be secured by filling in this coupon.



HERCULES POWDER COMPANY

INCORPORATED

Wilmington, Delaware

I am interested in items numbered:

Name _____

Address _____

Company _____

104-20-B

Holding your own as a business executive—



clarified
and made
easier
by these books

There is nothing sadder than the cases of star performers in production, in sales, accounting, or other departments of business practice, who fail to take hold when faced with executive duties and opportunities. The problems of analyzing, deciding, planning, and administering involve broad fundamentals that, consciously or otherwise, the successful executive uses every day. And to provide a comprehensive, adequate treatment of these principles, is the purpose of this library.

THE BUSINESS EXECUTIVES' LIBRARY

7 volumes, 5½ x 8, 2013 pages, illustrated

HERE is a set of books that deals only with the principles and techniques peculiar to the successful handling of executive problems in any line of business. Here are books that you can use to clarify your conceptions, and make more effective your handling, of the problems of thinking, planning and directing—in short, to get a real grasp on the reins of successful executive leadership.

These books give you the seven fundamental principles upon which executive success depends: 1. Know yourself and how to lead others. 2. Know your own business and business generally. 3. Know how to organize and manage your own department or an entire organization. 4. Know how to budget and forecast and plan for the future. 5. Know finances and how to make full use of your bank. 6. Know how to talk convincingly—how to sell your ideas and influence others. 7. Know how to think—how to analyze problems and arrive at correct solutions. Step by step this Library takes up these basic principles and shows how they may be mastered and applied.

Subjects covered in the Library

In these books you will find clear statements on the fundamentals of business organization—good management, without friction, lost motion or inefficiency—selection and training of men—economics in business—curtailing overhead without loss of efficiency—maintaining self-confidence—raising organization morale, and a host of other subjects that are vital to you today.

10 days' free examination; small monthly payments

How the books fit your own individual case may be determined from an examination of the books themselves. They will be sent on receipt of the coupon below. Should you decide to keep them and employ their many helps, then send only your first small remittance, and the balance in monthly payments, while you use the books—paying, in all, actually less than you would if the books were purchased individually and without the installment payment privilege. See how they can serve in aiding your own progress. Mail the coupon today.

McGRAW-HILL BOOK COMPANY, INC.
330 West 42d Street, New York, N. Y.

Send me the Business Executives' Library, 7 volumes, for 10 days' examination subject to approval or return. In 10 days I will send \$1.50, plus few cents postage and delivery, and \$2.00 monthly until \$17.50 is paid, or return the books postpaid. (We pay postage on orders accompanied by remittance of first installment.)

Name
Address
City and State
Position
Company BW-2-16-35
(Books sent on approval in U. S. and Canada only.)

Holding Companies

Utilities point out that holding companies' death by taxation will be painful to investors.

REPRESENTATIVE RAYBURN's bill for the regulation of holding companies did not carry the punitive taxation provisions which had been freely discussed as the means that was going to be adopted to eliminate the holding company from the utility scene. Reason: If this House bill had, it would have gone automatically to the Ways and Means Committee, instead of to Mr. Rayburn's own Interstate Commerce Committee. But—it was announced that the bill was not an official Administration measure, which means that important amendments are to be put in on the floor.

Double Taxation

Both Senator Wheeler, sponsor for a companion bill in the Senate, and Mr. Rayburn have announced their intention of taking away from holding companies their present exemption from taxation (on returns from securities that are taxed at the source). Double taxation on utilities' profits—once when the operating company pays and once when the holding company pays the tax now planned on its returns from investments in operating companies—will be the ax used at the execution.

Hearings on the "Public Utility Holding Company Bill" will be short and not so sweet. There is no plan for a ballyhoo. The Federal Trade Commission has been providing one for the past 6 years.

With the announcement that they welcome fair and rigid regulation, the utilities are concentrating their fight on the provisions abolishing holding companies after 5 years. Defense is that, with all its liability to abuse, the holding company does fulfill many useful functions in finance, counsel, diversification of risk, better leadership. If the public, and Congress, don't agree, utility men say, the holding company will go without the need of taxing it out of existence and thus imposing additional penalties, during the adjustment period, on the investors who hold some \$2 billions of holding company securities. They will point out that many of the abuses complained of are being eliminated voluntarily, the classic example being that management fees are now generally on the way out.

Three-Way Regulation

Another point of opposition is that the Rayburn provisions putting the companies under the 3-sided regulation of the Federal Power Commission, the Federal Trade Commission, and the Securities and Exchange Commission are unnecessarily complicated, confusing, and costly. However, on some features of the bill—for instance, the separation of

gas and electric companies—the utility industry itself is not united. Washington believes that the bill, being close to the heart of the President, will pass in the form the Administration wants, without much change at the request of either utilities or investors.

Recovery Fishing

Sea food prices are low and Fish Institute will make the most of it.

THE fishing industries are going to cast their nets for a bigger and better catch of steady customers. They have just organized the Fish and Sea Food Institute of the United States for the express purpose of preparing effective lures.

These practical-minded gentry who draw their profits from the sea insist that, so far, they have profited little or none from all this fishing for recovery in which the government has been making the rules and baiting the hooks. They say that hundreds of fishing vessels are tied up, thousands of fishermen left unemployed because lack of demand has driven prices so low that operations don't pay. Oysters are selling at the lowest price in 15 years; fish still bring less than 50% of pre-depression figures.

Now they propose to capitalize the low cost of sea food—particularly in comparison with the current buoyancy of meat prices—and to play up all the nutritive and dietary advantages of fish in all the ways that the Institute can think of to boost per capita consumption.

More Ships Built

World shipbuilding gains. Britain in lead, followed by Japan and Germany. United States eighth.

THE shipbuilding business is better. Nearly twice as much tonnage was launched in world shipyards last year as in 1933. Of the 970,000 tons launched last year, nearly half was in British or Irish shipyards. Japan, Germany, and Denmark were the next largest builders, and all showed gains over 1933. Only slightly more than 24,000 tons were launched in the United States, though even that small total is more than double the 1933 figure.

Among launchings last year, motor vessels exceeded all other types by about 160,000 tons, and represented about 58% of all launchings for the entire world. In 1933, motor vessels accounted for 69% of all launchings.

Big 10 builders, in the order of their importance, were Britain, Japan, Germany, Denmark, Sweden, Holland, Italy, United States, Norway, and Spain.

OLD TIMERS in the Classified Telephone Book

"Where to Buy It" Service was introduced nationally in 1928. Here are some of the manufacturers who adopted it early . . . and still use it.

Back in 1927 "Where to Buy It" Service was just a good idea. In those days local advertisers reported unusually good results from the classified telephone directory. But using it to identify dealers of nationally known brands was something new.

From the beginning "Where to Buy It" worked well. Otherwise the old timers would not be using it now. It proved that identification of dealers increases sales . . . checks substitution . . . makes advertising more effective.

Today the classified telephone directory is the accepted medium for identifying local dealers. You can be sure of satisfactory and profitable results—through the classified telephone book.

AMERICAN TELEPHONE & TELEGRAPH CO.
Trade Mark Service Division

195 Broadway,
New York (EX 3-9800)



311 W. Washington,
Chicago (OFF 9300)

Foreign Trade in 1934

What we did in business abroad last year. Automobiles and machinery gain. Britain is still our biggest market.

OUR foreign trade made some spectacular gains last year. The 27% rise in exports was importantly affected by foreign orders for steel and copper, automobiles, and almost all kinds of heavy machinery. Agricultural exports showed modest advances.

Total imports were 13% greater than in 1933. Rubber made the most striking individual gain, though imports of vegetables and food products were large. Liquors and wines coming into the country from abroad were valued at \$49 millions. Jewelers saw orders for precious stones 30% above the low for 1933.

Africa and the South Pacific made the greatest gains as customers, but Europe remains our largest continental market. Britain, Canada, Japan, France, and Germany are our Big Five markets, and in the order named, but sales to both France and Germany last year were smaller than in 1933. Sales to the Union of South Africa were more than twice the total for 1933, and were nearly 25% above the "normal" 1922-26 average. Canada received more of our foreign orders than any other country.

However palsied his hand, King Cotton still wields the scepter in American foreign trade. His staple, raw and manufactured, accounted for \$373 millions of exports in 1934. But this was a drop of 6% in value and 30% in number of bales, the latter falling to the smallest figure since 1923.

Steel and Cars Stole Show

Steel mills, exporting 85% more, and automobile factories, more than doubling foreign sales, stole the show not only from cotton but from agricultural products generally.

Tobacco, with exports of \$125 millions, up 51% and that wholly resulting from 1934's rise in prices, was the only farm item to register a significant increase. Tanners, furriers, and shoe factories achieved slightly better volumes. Lard exports were off \$8 millions but this loss was more than offset by a \$10-million increase in other meat products.

In grains we have withdrawn from foreign markets to a point where annual fluctuations are meaningless, but exports of food grains and flour continued to exceed imports last year, despite the drought and the high domestic prices that brought in \$33 millions of foreign grains over protective tariffs, 2½ times the imports of the previous year.

The disturbances and dislocations caused by the crop curtailment were only ripples in the broad flow of foreign trade. Foods made up the most important items in imports, but these, con-

sisting of the usual coffee, sugar, tropical fruits, teas, spices, made sizable but not spectacular gains last year.

The oil industry made moderate but significant gains in foreign sales, stepping up business in the profitable lubricants by 5% to \$58 millions at a time when the less profitable gasoline volume was shrinking. Crude exports were half again those of 1933 and a corresponding increase was recorded in imports of crude petroleum.

More Machinery Orders

Automobiles merely headlined, did not monopolize the machinery trade gains. While the motor people were doing 144% more passenger car business abroad and 120% more truck and bus business, the airplane factories shipped 92% more, manufacturers of industrial machines 78% more, farm implement people 76% more, and electrical equipment plants 53% more. Electrical refrigerators, still a modest item in dollar volume, stepped up foreign sales 83% and radio exports got into the \$25-million class with a 54% gain.

Market gains abroad were spotty. While Great Britain remains our largest foreign market, sales to the English were only 23% above 1933. Germany continued among our Big Five markets but bought 22% less goods from us last year. France cut her purchases nearly 5%. Japan and Canada both bought about 45% more goods from us in 1934.

Really spectacular increases in foreign orders came from the Union of South Africa, Chile, Persia, and Turkey. All of these countries more than doubled their 1933 volume. Countries around the Mediterranean are proving to be good markets for American goods.

Egypt, Rumania, Greece, Palestine, and Spain are beginning to buy again in significant volume. In the Orient, sales managers are watching the larger volume of business coming from India, Malaya, Japan, China, Australia, and New Zealand. In South America, Chile, Peru, Colombia, and Brazil made good gains.

Looking back to the so-called "normal" years between 1922-26, exporters find that business volume in 1934 was most satisfactory in Africa, Asia, and the South Pacific. In the normal period, only about 11% of our exports went to Asia. That total now is nearer 19%. Africa took a bare 1½% of our foreign shipments in the normal period, increased that to more than 3½% last year. There is a small gain in the volume going to South America. Business with Europe has fallen off from 53% of our total in the normal period to less than 45% last year. Canada continues to take about the same proportion.

Those export managers who believe in the theory that we sell most to those from whom we buy, ran down our list of import gains for 1934, drew heavy circles around Malaya, Chile, Venezuela, Spain, the Netherlands, East Indies, Greece, Cuba, Canada, Brazil, and Britain. Imports from both Germany and the Argentine dropped more than 12% from Italy, Holland, and Japan they were down more than 7%.

Soviet Poker

Russia demands a cash loan, Hull stops negotiations. But that isn't necessarily the end of the game.

"RUSSIA was asking for too much." That's the consensus of opinion among the people in Washington who congregate at the cocktail hour and share "inside" information.

Even the pro-Russian group feels that Hull and Roosevelt had good reason for

Our Foreign Trade Looks Like This—

Item	Exports 1934 (000 omitted)	% Change from 1933	Imports 1934 (000 omitted)	% Change from 1933
Edible Animal Products.....	\$82,635	+10	\$48,972	+10
Inedible Animal Products....	50,801	+31	109,608	-7
Vegetable Food Products, Beverages.....	144,337	+13	467,885	+26
Inedible Vegetable Products..	183,860	+36	222,101	+39
Textiles.....	440,252	-3	240,216	-11
Wood and Paper.....	90,009	+36	181,483	+7
Nonmetallic Minerals.....	321,804	+19	86,445	+31
Metals.....	190,326	+77	129,751	+12
Machinery and Vehicles.....	435,055	+84	11,799	+38
Chemicals.....	92,583	+21	65,125	+9
Miscellaneous.....	69,058	+23	71,485	+13
Total.....	\$2,100,720	+27	\$1,634,870	+13

cutting short the negotiations for a new debt settlement and trade agreement.

What happened was this: When Mr. Litvinov came to Washington late in 1933, President Roosevelt was eager to come to terms. His naval interests had led the President to heed warnings that Japan was about to scrap treaties, ultimately *must* clash with the United States in the Pacific. Russia was in the midst of an acrimonious dispute with Japan over the Chinese Eastern Railway. With all this in mind, Washington and Moscow were not slow in coming to terms. Diplomatic relations were established, but plans for a trade pact were left vague. No one now knows just why, except that the State Department, never friendly to the Soviets' government, said that data couldn't possibly be assembled for immediate trade talks.

Wind Had Changed

By the time the two sides got around to discuss definite terms in 1934, conditions had changed. Japanese officials had assured Washington that they had nothing but the friendliest intentions toward the United States. The Chinese Eastern Railway problem looked as though it would iron itself out without war. And Japan was buying an increasing volume of American goods. With the decline of the German market she is now taking 40% of our cotton exports—and paying cash. Southern congressmen made a point of this.

Europe entered the picture at this point. France, considerably alarmed at Germany's progress in "secret" rearming, and its reputed air force, suddenly became interested in the well-advertised air power of Moscow. Bitter as France had been towards the Bolsheviks since they repudiated the huge French loans to the Czars, French air and trade ministers visited Moscow and a "cooperative" and a trade pact were signed simultaneously. But Moscow was tactfully warned that it would be difficult to recognize pre-Soviet government debts in the United States without setting a precedent. Also, Paris hinted that Europe might better stick together in its debt attitude toward us. At any rate, France offered more than \$65 millions of trade credits at ordinary commercial rates (probably 5% or 6%), to be amortized over 5 to 7 years. And, to the surprise of Moscow, Germany at about the same time offered nearly \$80 millions of new credits at reasonable rates to amortize over 5 years. Evidently Moscow got the idea that the United States might be brought to terms by these European moves.

At any rate, in the trade talks in Washington last fall, the Russians asked for a loan (outright) of \$100 millions to be amortized over 20 or 25 years, for definite commitment of at least \$100 millions in commercial credits. In return, Moscow offered to settle old obli-

There is never



an overproduction

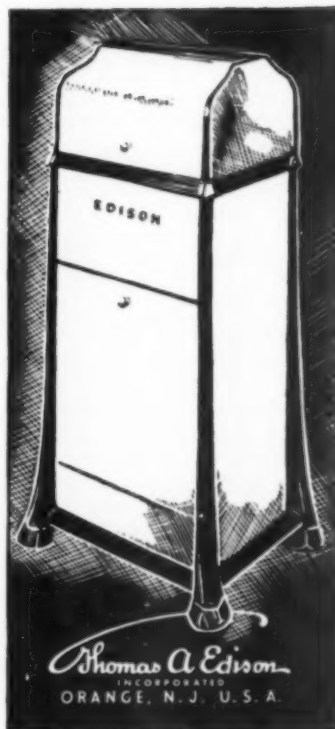
of brain-power!

> Too much rain — and it's drained off.
Too much cotton — and it's plowed under. Too much pork — and pigs are killed.

> But — there is never an overproduction of brain-power! Brains make for progress and prosperity. There are two ways to increase brain-power:—1. to employ additional brains, which is usually expensive; 2. to make the brains you have worth more.

> Edison makes it easy for you to increase the value of the brains you already have—with Ediphone Voice Writing! With Pro-technic Ediphone equipment there is no time-eating, expensive waiting for secretarial service. At any hour, and on any day, dictators turn to their Pro-technic Ediphones, as easily as telephoning. They think once...write once...at once—and accomplish more. Brain-power increases — and profits, too!

> TELEPHONE THE EDIPHONE, YOUR CITY. Without obligation, an Edison man will call, and show you how Voice Writing can increase the brain-power in your organization.



Pro-technic Ediphone

THE COMPLETELY ENCLOSED DICTATING MACHINE

gations for about \$150 millions, and to pay 3% above the interest rate charged by the EIB on commercial credits, this surplus to amortize the Soviet debt.

In view of the changed world situation since the first trade talks, Washington flatly refused to talk business on these terms. And when Mr. Troyanovsky came back to Washington a few weeks ago with not one concession from Moscow, American officials considered it just enough of an affront to deal rather bluntly with him.

Meantime, one more factor had come to bear on the situation. Talk of accepting a greatly reduced sum from Moscow in settlement of old obligations had brought hints from our other foreign debtors that they would expect to be given the same treatment. With loans in Latin America so large that the Russian debt is, by comparison, a mere drop in the bucket, bankers and investors brought new pressure on Roosevelt. On second thought, the United States was confronted with the same problem of precedent as Russia.

The present impasse is likely to last for some time, but eventually it will be ironed out. The Hull move to give Brazilian manganese a preference on the American market was a subtle way of telling Russia that the preference could be adjusted when Moscow wishes to talk business.

American manufacturers, though well

aware of the havoc to prices which often results when one powerful customer plays them against each other, reluctantly look at the vanishing prospect of Soviet trade. Soviet credit has seldom been on quite as favorable a basis as now. Outstanding obligations have been reduced to less than \$150 millions. There was a balance of trade in favor of the Russians last year. And the country's gold output last year touched a new high of \$147 millions.

More Gold

Gold output for 1934 worth almost \$1 billion. Russia gains.

WORLD gold production is on the increase. Output last year amounted to 27,126,000 fine ounces, against 25,378,000 in 1933. Only spectacular gain was by Russia, which increased its production from 2,814,000 to 4,200,000 ounces.

Output of the major producing countries is listed by the American Bureau of Metal Statistics. South Africa, even with a slightly smaller output in 1934, still easily headed the list, with a production of 10,483,000 ounces. Both Canada and the United States made slight gains, but dropped to third and fourth places after South Africa and Russia. United States production last year totaled 2,916,000 ounces.

Canadian Business Eyes Ottawa

Bennett steals party platform from Liberals, worries business with his plans for regulation.

OTTAWA—Six months ago there was enough dissatisfaction in Canada with the Bennett (Conservative) government to lead many people to believe that in a general election—possible this year, inevitable not later than next—the Liberals would oust the present leadership. That was before the Prime Minister had his change of heart.

Bennett is a former corporation lawyer, a multi-millionaire. Montreal's moneyed St. James Street looked on him as a "friend in the government." Corporations felt secure as long as he was Prime Minister. They did, until he launched his New Deal program on the radio (BW—Jan 12 '35).

The election outlook since this nationwide series of broadcasts has become highly confused. The Conservatives have stolen their fire from the Liberals, and they make no bones about it. Bennett talks boldly of mortgage relief for farmers, an elaborate scheme for social insurance, maximum hours and minimum wages, special taxes on wealth, creation of a brain trust (tactfully called an Eco-

nomic Planning Council), and drastic regulations to abolish the business abuses uncovered by the Stevens commission to investigate large-scale marketing.

To prove his sincerity he has rushed before the present session of parliament at Ottawa his unemployment insurance bill, together with legislation to increase the Federal Farm Loan fund from \$15 millions to \$90 millions (BW—Feb. 9 '35). Flabbergasted Liberals protest that Bennett took over their program, admit that they will support it if proposed promptly and in terms they approve.

All of which leaves the average Canadian more puzzled over the government personnel which may result from a general election than over the inevitable legislative program.

Bennett's plan is his own. Theoretically, it has to be the program of his whole cabinet but it seems doubtful if the present cabinet did much in making the policy. The Premier's principal guide and friend in the drafting was Herridge, Dominion Minister in Washington and

his brother-in-law. Herridge gave him the same assistance in 1930. Bennett's political friends, who recognize that a program of the character he has put forward was the only one that would give him a chance of victory in the coming election, have been hoping that it would force one or two reactionaries to resign from the government. This has not occurred and it is no longer likely unless Bennett presses it. Only one cabinet member is wholly out of sympathy with the new policy, though two or three others are only lukewarm. Stevens, on the other hand, is likely to support Bennett in his new program despite the break last year over undiplomatic revelations by the former Minister of Commerce in connection with the investigation of business abuses.

Third Party Cornered

Only other political party in Canada which carries much weight is the Co-operative Commonwealth Federation (popularly known as the CCF). This group—led by James S. Woodsworth—had hoped in the election to win a balance of power in the House of Commons. Bennett's new program undermines a great deal of the support it had counted on. The CCF can do little else than approve his platform since it is so much along the lines this party had agitated. It will seek to elect candidates of its own but, in the event of the election resulting in a stalemate as between the two major parties, it would be an uncertain quantity. Instinctively its members are inclined to support the liberals, and it seems now that, in a draw, they would contend that Bennett's plan is out-of-date, and that only monetary reform—inflation—will help the country.

Party labels are as deceptive in Canada as in most other countries. The Conservatives are generally thought to be the reactionaries, the stand-patters, the friends of the "interests." The Liberals are traditionally the laissez-faire rather than the reform party. Significantly, they did nothing with the tariff—despite their claim that it favored the "interests"—during the 15 years they were in office under Laurier, except in the case of the ill-fated reciprocity treaty with the United States.

Business Is Wary

Business is watching developments warily. Bennett declares that conditions have changed, that business can save itself only by reforming. He proposes to bring about these reforms. He is frank and aggressive. He is introducing his program early. He recognizes the recovery already evident in business, plans no vast public works, as in Britain, Germany, and the United States. He is making an almost complete about-face, and appealing to the masses for his support. The result is going to be a stranger election campaign than Canada has witnessed in a long time.

Business Abroad

World nervously watches Germany. French business deteriorates. Britain recovers from commodity market scandals; anticipates Labor victory in coming elections. Brazil frees foreign exchange; business pleased.

WHATEVER the momentary reactions in Europe to the Italo-Abyssinian diplomatic skirmish, no knowing European expects or even fears that it will develop into war. Mussolini was cheated out of most of the profits of war when the Versailles spoils were portioned out among the victors. Mussolini is running into a hard winter at home. It is an opportune time to bolster morale with a foreign venture. Hitler and his designs on Austria have furnished some opportunity for bravado, but Germany is too powerful for Italy to carry the gesture too far. Also, there is too great a possibility that Austria eventually will become a part of Germany and that the Reich will be a next door neighbor in the Alps. But it is a different case in Abyssinia. France has given Italy a free hand to extend and intensify her sphere of influence in Africa. Together they want to squeeze growing Japanese trade out of the last important "free" territory in Africa. The present flurry is a move in that direction. Almost inevitably Rome will extract some diplomatic and trade advantages out of the present "outrages."

What's Ahead in Germany

What is of infinitely more importance to Europe as a whole is Germany. Will Hitler accept the air pact proposed by France and Britain, and will Germany consent to the terms of rearmament laid down by the old Allied Powers?

London is increasingly nervous over the future. Next danger period, according to the shrewdest observers in the British capital, will come in the period immediately after the Saar is returned formally to the Reich on Mar. 1. With this overwhelming victory behind him, will Hitler force a settlement of the Memel question (where there is an important German minority living now under Lithuanian control); and will he make new aggressive moves in Austria; and what will he do in Czechoslovakia where the shrewd little Foreign Minister, Mr. Benes, is a very important barrier in Germany's ambitions to expand economically in the southeast toward the Rumanian oil fields and the markets of the Near East? British air experts say that although Germany will be at a

high point of readiness this March, really impressive strength will not be attained until in 1938, by which time there will be an air force twice as great as Britain's. Diplomatic and financial interests fear some minor issue will arise which will cause trouble.

Paris is equally concerned over the problems concerned with Germany. Frenchmen feel now that one of the aims of the Polish-German treaty was to wipe out sometime the three little Baltic states of Esthonia, Latvia, and Lithuania. These, Paris contends, will be given to Poland in return for the delivery of the troublesome Polish Corridor to Germany. Such a plan will have the double advantage of reuniting all German territory and of giving to Poland countries which would create sufficient internal problems to reduce its influence in the diplomatic field. This explains to the seasoned Frenchman why Germany and Poland are finding it difficult to accept a pact which is aimed to protect the *status quo* in the Baltic. It explains, incidentally, why France and Russia have once more become friendly (page 26), and why Russia has transferred—at least temporarily—her focus of interest from the Far East to Europe.

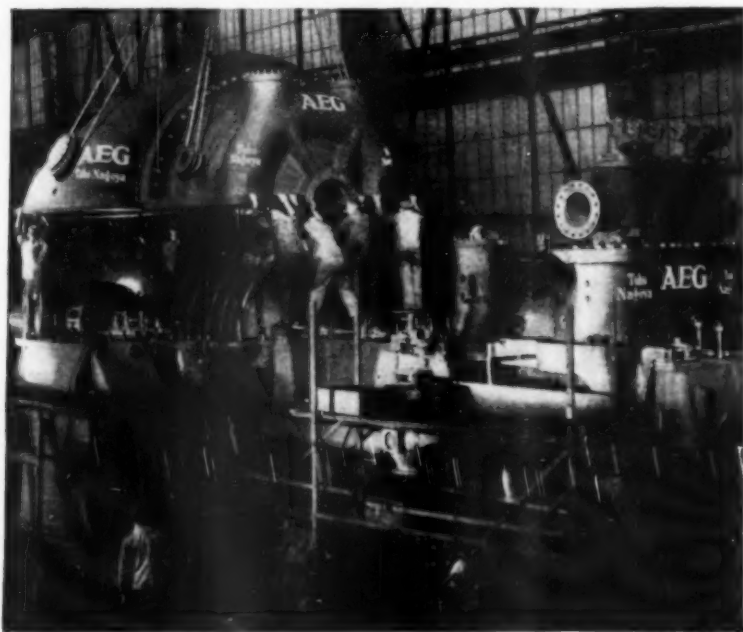
Great Britain

Commodity crisis passes. Politics unsettle business, with public veering toward Labor. New fuel.

LONDON (Cable)—London is slowly working out of nearly 3 weeks of commodity market excitement which has resulted already in the failure of 4 old and well-known firms. While the affair may not yet be cleaned up completely, it seems evident now that London bankers have come to the rescue of the remaining firms which have been affected and that business soon will return to normal.

Scarcely had the Strauss Co. admitted inability to meet its obligations because of speculation in peanuts (*BIV*—Feb 9'35) when the crisis in white pepper was revealed. Engineered by Garabed Bishirgian, who is a director of James & Shakespeare, that firm was the first to admit bankruptcy. Later J. F. Adair & Co. and Rolls & Son, who had acted as brokers, also were forced to the wall. Total losses are estimated at about \$12 millions.

Real shock to London came when it was revealed that Sir Reginald McKenna, chairman of the Midland Bank, held 5,000 shares of James & Shakespeare, and that his bank had much larger holdings. Also among the large shareholders was Sir Hugo Cunliffe-Owen, chairman of British-American Tobacco Co. While there is no immediate demand for government regulation of the commodity exchanges, there is the assurance from government quarters that there will be a thorough investigation of the pool's activities, and of commodity gambling. Banks made it plain when appeals were made for funds with which to stave off the crisis that they were willing to see the crash because of



BOUND FOR JAPAN—German manufacturers once again are combing the Far East for electric and heavy industry equipment business. One of the biggest foreign electric orders Japan has placed in recent years was for this giant steam turbine, built by AEG (German General Electric) for a power house in Nagoya, Japan.

the favorable effect it would have in curbing market gambling in the future.

Prices on the stock markets have not reacted, but turnover has been small since trouble started in Mincing Lane. A slump is still possible if there are many forced liquidations.

Politics are almost as disturbing a factor. Antagonism to MacDonald is mounting. The Tory revolt hasn't sufficient following to win an election, and the present mood of the masses being what it is, it seems unlikely that a National government has much chance for general support. Added to the widespread resentment over the recent innovations in the unemployment insurance payments and coverage, the recent gambling scandals on the commodity markets have roused public anger and done much to revive interest in the state control of banking and investment, both Labor planks.

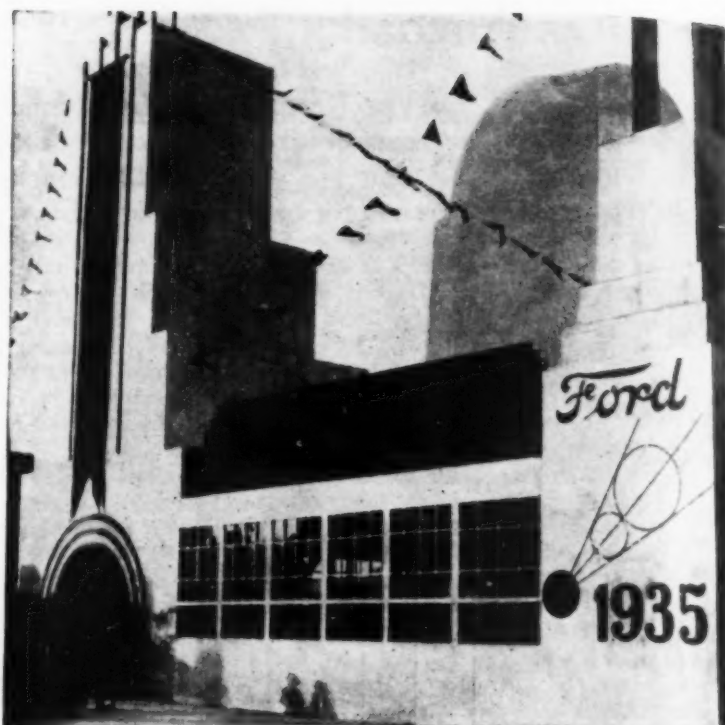
A new process for producing colloidal fuel has been invented by Mr. Stephen Wyndham at the Cardiff works of Wyndham Marine Patents, Ltd. The fuel consists of equal parts of fuel oil and coal dust and is stated to have none of the defects of other similar fuels. The mixture remains stable and in perfect proportions for an indefinite period at any temperature. Cost of manufacture is modest and no pre-pulverization of the coal is necessary, ordinary screened coal being suitable. Cost is well below that of ordinary fuel oil and with only slight adjustments it can be used by ordinary oil-burning plants. Seventy per cent of all British bituminous coals are claimed to be suitable for the process.

Germany

Business seasonally slack. Salesmen from Reich swamp Saar. Germans expect large business with Brazil on reciprocal basis.

BERLIN (*Wireless*)—Business is seasonally slower in Germany this month. This, with the slowing down of governmental expenditure on public works, accounts for the increase in the number of unemployed during January by 370,000. Short-term financing of the government's relief program is reaching the saturation point and the capital market has not yet improved sufficiently to permit large-scale refinancing on a voluntary basis. Financial authorities in Berlin are of the opinion that a compulsory loan is the only alternative to some form of inflation.

Another problem which is worrying Germans is business in the Saar. Formal return to Germany will not take place until Mar. 1, but ever since the result of the balloting was announced, the Saar has been flooded with commercial travelers from all parts of Germany eager to sell their wares where French goods have been used. This rush to sell goods in the Saar aroused deep resentment on the part of the local industries which feared that their goods would be replaced, or at least that present stocks would be ignored in the burst of eagerness to become again as German as pos-



PERU CELEBRATES—Its conquest by the Spaniards 400 years ago is being commemorated by Peru with a 2-month fair in the capital, Lima. Many international businesses besides Ford are exhibiting on the exposition grounds. Special feature is an elaborate display of electric festoons over the city's main street.

sible. Result is an advertising campaign which has been gaining momentum the last few weeks to "buy locally." German manufacturers have been warned to move cautiously if they do not wish to do themselves permanent damage by overselling in the first few months after the Saar returns to the customs union.

In view of the new Brazilian-American trade treaty, Americans in Berlin have shown considerable interest in the report of the German trade delegation which has been touring South America. Fritz Thyssen, Ruhr magnate and financial backer of the Nazi party, was a member. A new commercial treaty with Chile was signed, and new trade arrangements with Uruguay and Argentina completed. But it is with Brazil that Germany hopes ultimately to develop the largest business. Thyssen himself, since he returned to Germany, has pointed out to fellow manufacturers that the rapid industrialization of Brazil should not be considered a hindrance to the intensification of Germany's trade relations with that country. In place of finished consumer goods which Germany has supplied Brazil in the past in large quantities, shipments now are likely to be heavy equipment for industry for which Germany will trade large orders for Brazil's numerous raw materials.

German business, which had hoped for a reduction of the sales tax as soon as government revenues began to improve, was disappointed last week when the Deputy Minister of Finance, Dr. Reinhardt, called attention to the important rôle which the sales tax now

plays in the consolidation of German public finance. Among the chief taxes it has responded more promptly than any other to the recovery of business and the increase in turnover. In the fiscal year 1934/35, the yield of the sales tax reached 1.9 billion marks, or 24% of the total budget revenue. Next year it is expected to exceed 2 billions. Income and corporation taxes are likely to be the first to be reduced when the government revenue situation permits.

France

Business is slack. Flandin's reform program less popular. New air mail service will use supplementary pneumatic tube system.

PARIS (*Wireless*)—While the internal situation has not changed much, it certainly has not improved. Unemployment is growing slowly. There are a few strikes, most serious just now in the steel industry, which is reducing payrolls. Farmers are unhappy over the low prices they are getting for their wheat since the government withdrew its support, and are not likely much longer to offer wholehearted support.

France is a country of highly critical and individualistically-minded people and it is very difficult to make any kind of reform without encountering strong criticism. Flandin is beginning to feel the full effect of this attitude throughout the country. While this does not mean

that he is likely soon to be replaced, everyone acknowledges that his strength of last December is disappearing rapidly.

This reduced governmental support, increasingly evident in each vote taken in the Chamber, had its reaction in the stock markets this week. Prices, especially of rentes, broke.

There were other undermining factors. Volume of business is declining in the northern textile region again, and the mills are once more working at only 40% of capacity. Declining prices for meat and dairy products are causing the government to consider vast purchases which will at once support the market and provide relief supplies for the destitute. To aid automobile manufacturers in their export markets, the government has decided to extend for another year the bounty of 1½ francs per kilogram on all cars sold for export. Reorganization of the Citroën plant is nearing completion and it is expected that it will be in full operation after Feb. 15.

No Light on Credit Policy

The annual report of the Bank of France gives very little information concerning what was termed the new government credit policy. As a matter of fact, the government seems to have found great difficulty both in Parliament and with the board of directors of the bank, and the Secretary of the Treasury has gone so far as to promise that the 5 billion francs of additional treasury bills he was authorized to issue will be taken out of circulation before the end of the current year by issues of middle-term securities.

Considerable business interest has been stirred by the plan to fly all mails in France (*BW*—Jan 19'35). The new company will be called the Blue Air Co. There is special significance in this. In Paris, and in half a dozen other large cities in France, there are pneumatic postal systems. Any post office in any of these cities will sell small blue forms on which a brief message can be written. They fold into post card size and are addressed on the outside. These are mailed at the post office, are at once slipped into small cylindrical metal tubes which are shot through pneumatic tubes to the post office nearest the address of delivery. From there a boy delivers the message. Altogether the dispatch should not require more than two hours for delivery. (New York uses a pneumatic tube system between post office branches, but sells no special message service other than the regular "special delivery.")

Mail by Tube

Because the forms on which the messages are written are blue, they are called the "petit bleu." The new air mail company proposes to run a tube of this sort from a central post office to the air field, whence it can be flown to its destination. Hence the "blue." It is still too early to judge what success the scheme will have, because air mail service is very uncommon in France. There is almost no part of the country which cannot be reached in 15 hours by train. With the new service, however, it should be possible to deliver messages anywhere within 4 or 5 hours, and some businesses may find this profitable. Cer-

tain executives anticipate that newspapers will use the new system for regular distribution of Paris papers throughout the provinces.

Latin America

Foreign exchange agreement with Brazil completed. Chile mission due soon. Colombia tightens exchange regulations.

BRAZIL made terms with her commercial creditors this week.

Effective immediately, all Brazilian exporters must sell to the Bank of Brazil, or authorized banks, all of the foreign exchange resulting from the sale abroad of their goods. This is necessary in order to get a government export permit. For 35% of this exchange, Brazil pays the official rate. On the balance, the banks pay the free rate. Differential of late has been about 20%.

With the exchange bought at the official rate, Brazil will meet government obligations abroad including, presumably, the interest and amortization payments which the country agreed more than a year ago to continue to pay on the foreign debt. If there is a surplus (and most authorities expect that there will be), it will be used ultimately to repay accounts now frozen in Brazil.

The 65% balance of the exchange arising from exports will be offered on the free market. There is no discrimination between creditors. Each can bid for these funds to cover current bills.

Favorable Development

Reactions in both banking and trade circles are favorable. The milreis has been steady since the announcement, and it is expected that it may rise gradually. Brazil has numerous raw materials for which various foreign countries are bidding. And return to a comparatively free exchange basis is interpreted as a welcome sign of returning international trade normalcy. Exporters who were disappointed when the new trade treaty was made two weeks ago without any definite foreign exchange settlement, see in this prompt cooperative action between Rio and Washington an earnest effort to revive foreign business.

Due in New York Feb. 26 is a trade and debt mission from Chile. This group is bringing a proposal from the Chilean government for the resumption of partial payments against the country's foreign debt. While the details of the plan as they have been reported in this country (*BW*—Feb 9'35) are not generally acceptable, it is thought that some more desirable scheme may be worked out with the delegates when they arrive. Chilean business dropped to an abysmal low during the depression, but has made some striking progress in the last 15 months.

Trade developments in Colombia are less favorable this week. With coffee shipments declining as the season wanes, and with imports seasonally up, the government exchange control board has again found it necessary to handle demands for foreign exchange on a strict basis. Plan now is to allot exchange

as it becomes available on a basis proportionate to the accumulated bills. Up to 90% of all foreign exchange will still be used for this purpose, but for the time being creditors are likely to be slow in securing payment in full. At the same time, foreign investors and moneyed nationals are complaining of the tax on capital and on income, especially since the capital tax is to be levied by the ordinary tax officials without regard to profit and loss.

Canada

Government outlines big land reclamation scheme in prairie provinces. Farmers in 14 communities urged to cooperate.

OTTAWA—A reclamation scheme designed to restore to productivity 10 million square miles of dried out areas in the 3 prairie provinces will be started this spring by the federal government. Announcement of this project was the big item last week in the Bennett government's economic program. The plan to be applied is the result of 4 years' study by government officials. The first stage will be the establishment of 14 demonstration areas, each comprising a township of 36 square miles. The government will take over the administration of the township, subject to the approval of settlers. Streams will be dammed to create water storage and large plots will be planted with trees. Farmers will be invited to cooperate. They will be asked to provide labor for carrying out the scheme and will be reimbursed by having turned over to them the produce of the demonstration areas. Farmers in other townships will be urged to follow the example set in the demonstration townships and will be assisted in this. Government officials claim most of the dried out lands can be reclaimed over a period of years.

Liberal Warning

Renewed warning that if a Liberal government should be elected at the coming general election, it would revise the Ottawa trade pacts was given in the House of Commons by Mackenzie King, Liberal leader. His party, he said, stood by its disapproval of the high tariff features of the conventions. He denied he had ever committed himself to revoking the pacts but made it clear that if he became Prime Minister again he would modify them. He repeated his claim that they stand in the way of any satisfactory reciprocal trade treaty with the United States.

Canada's first silver dollar will be minted next month. This is one of the currency changes connected with the establishment of the Bank of Canada. The first of the issue will be placed in circulation May 6 in commemoration of the King's Jubilee. Doubt as to the popularity of the large coin is admitted by Finance Department officials. The dollar will contain 80% silver, 20% copper. The fine silver content will be $\frac{1}{10}$ of an oz. troy. It will be 1.4 in. in diameter, $\frac{1}{16}$ in. thick.

Money and the Markets

Financial markets take the Supreme Court more calmly but stock traders chafe under need for caution. Rails and utilities are brightest spots in a dull bond week. Commodities feel buying pressure.

THE long wait for the Supreme Court's ruling on the gold contracts has been beneficial to the extent that it has allowed the financial community to regain its composure. An atmosphere of calm has succeeded the panicky conditions that prevailed while the arguments were in progress and during the first week of the Court's lengthy deliberation.

This is not to say that the suspense has been lifted; rather that little or nothing further can be done until the decision is announced. It is recognized that sharp repercussions are likely regardless of the verdict. In the event abrogation is upheld, the financial community will probably be engrossed for a time with accumulated unfinished business. In the markets, positions would have to be reinstated and attempts at hedging on both sides by means of straddles and spreads withdrawn. On a decision adverse to the government, a series of new measures which would probably involve a longer and more extensive readjustment is anticipated. That is about as far as financial interest can look for the time being.

Dollar Steady

Meanwhile, routine affairs proceed on a cautious basis. The firm hand played by the stabilization fund in controlling the gyrations of the dollar in foreign markets has helped dissipate nervousness. Financial interests had come to attach considerable importance to the flurries in exchange values, recognizing that they are sensitive to any changes in monetary affairs, and that they reflected a foreign as well as a domestic consensus on the possible effects of developments in Washington.

Little attention has been paid to the banking legislation now pending. No organized opposition from banking interests has appeared, and none now seems likely since it is proving impossible to separate those phases of the legislation which deal with deposit insurance from those which deal with revamping of the Reserve System. The banks feel the changes in FDIC are so essential—for the unlimited liability phases of the original law would go into effect upon their defeat—that the unwanted revisions in the fundamental banking laws will apparently be accepted.

Inflation in Bank Bill

The inflationary possibilities in the liberalization of Reserve credit policies receive scant notice although Secretary Morgenthau, in urging prompt enactment of the banking amendments, stressed the purpose of lowering the bars and stimulating borrowing as a spur to business recovery.

It is realized that authorization for non-liquid loans does not mean that all

banks would immediately start free-handed lending of this type. However, the supervising authority's strict insistence on super-liquidity has been an important factor in holding banks to a rigid policy, and the implied reversal of this attitude will have effect in time. Banks have, of course, unused lending power of \$20 billions to \$30 billions in present excess reserve without recourse to the rediscount privilege of the Reserve banks, now apparently to be thrown open to a much wider variety of credit.

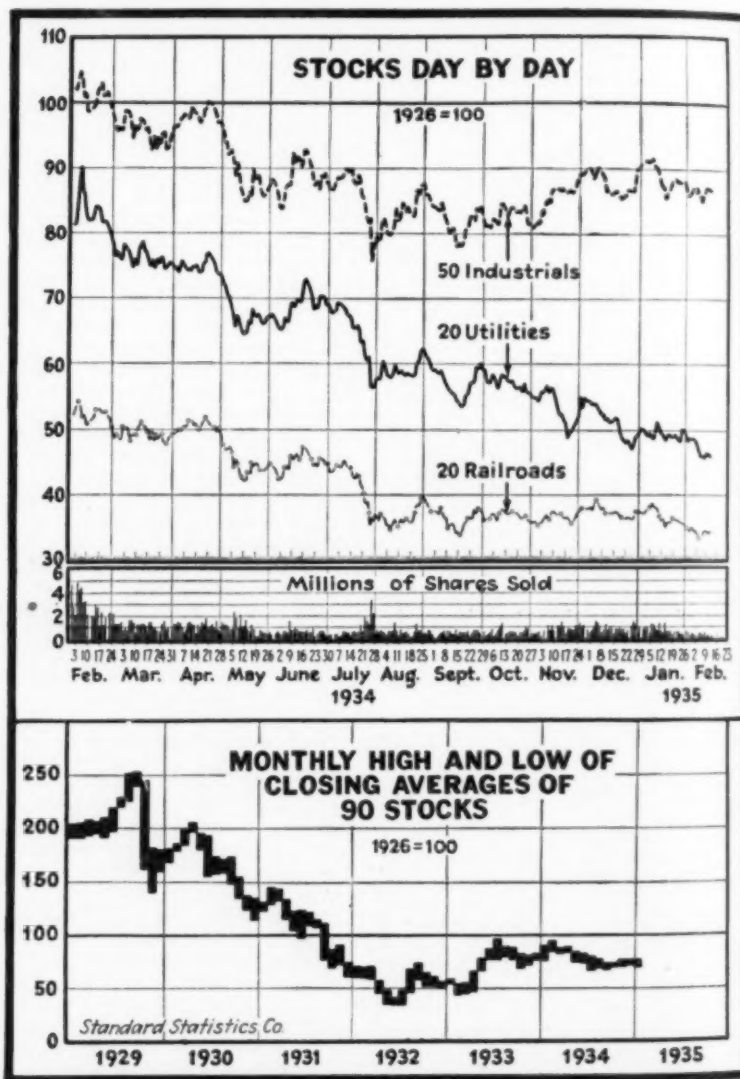
The farmers' friends got through the Senate a cut in interest rates from 4½% to 3½% on federal loans. The Senate bill also prolongs to 1940 the life of the

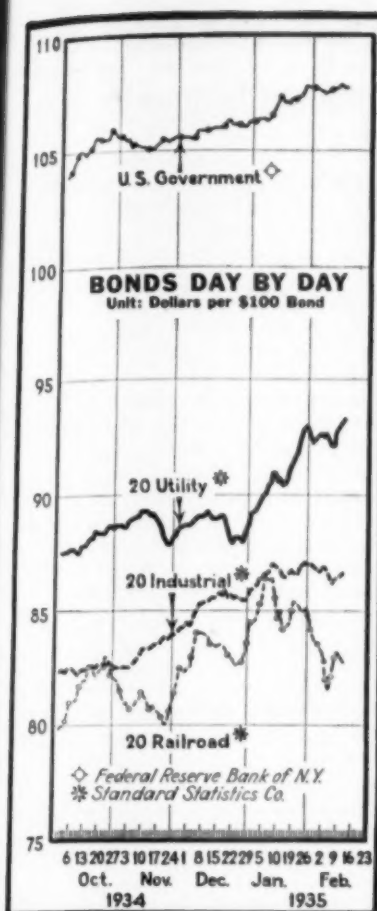
Land Bank Commissioner who, as an emergency auxiliary to the Federal Land Banks, has been refinancing farm indebtedness in much the same way the Home Owners' Loan Corp. has been handling urban mortgages. Administration interests hope the bill can be headed off in the House, which has been more attentive to the wishes of the White House. The Administration is actively opposed to this measure as well as several others designed to liberalize farm financial relief activities, including one which seeks to authorize mortgages up to 43 years' duration.

Bonds

PRICE movements in bonds have been indecisive and trading drags along at a minimum despite some enlivenment over the last week from special movements in the utility and speculative railroad issues. The main body of investment securities retains a firm undertone in a standstill market.

The market attitude toward the lower-





grade carrier obligations was reversed more than a week ago on the strength of emphatic assurance from Washington that every resource of the RFC would be applied to the troublesome reorganization and refinancing problem of the roads. Wall Street took this to mean that receiverships would be avoided by all except those hopelessly involved, and started accumulating the cheap liens that previously had no buyers.

Power Bonds Aided

Utility bonds were helped by the fact that Washington seems to be centering its attention on holding companies now, leaving the outlook for operating companies more favorable and relieving their securities of the scare selling that came when the Administration first started talking about power companies and rates.

The RFC is introducing an innovation in selling PWA bonds next week by permitting a dealer to bid for a part of the total issue with an option on the remainder. Previous sales have been on an all-or-none basis. This was thought to keep out small dealers, some of whom control markets in the lesser-known municipal issues. A total of \$5 millions comprising 33 separate issues will be offered for sale, but only 13 of them, aggregating \$1.7 millions, will be under the partial bid and option plan. The RFC expects a broader interest and better prices to result, although it already

has \$1 million profit on previous sales of \$54 millions of its bonds, mostly municipal, but including a few railroad obligations.

Stocks

OCCASIONAL flurries in stock prices indicate how anxious operators are to throw off the restraining influences of uncertainty. Even in the restricted trading recently characteristic of the market, there have been individual and group features. For a while the preferred stocks of utility holding companies provided a diversion, speculative interests reasoning that their value on a liquidating basis warranted better prices than prevail. Their recent abject levels disregarded equity position as well as earnings possibilities. The power companies in general and their holding units in particular just had no friends.

Motors, Oils Favored

Traders are now taking the spurt in motor sales more seriously and regard shares in this division more favorably. Likewise, the oil stocks have had more attention since the demoralization predicted for the trade upon abandonment of federal control has not materialized.

That silk glove covering the iron fist of SEC—and accounting for a genuinely friendly attitude toward its administration—may have to be removed and a little force shown in the job of getting principal stockholders of corporations to file their security holdings. Directors, officials, and holders of 10% equity interests in corporations were supposed to have filed statements of their holdings by Jan. 31. Many have failed to come through and Chairman Kennedy has, so far, used polite language in alluding to the neglect. He is clear in his implication of danger if the omission isn't rectified, however. He also has made pointed reference to the perils of attempting to dodge registration through "private offerings." To the gratification of the stock exchange people, he promises equally strict regulations for the over-the-counter markets within the next few months. This particularly concerns the smaller stock exchanges which have been contemplating the possibility of wholesale delisting should the June 30 deadline on permanent registration find the counter markets still providing unrestricted trading facilities.

Commodities

COMMODITY trading has continued at a minimum but operators have been able to divert some attention from Washington and note what has been going on in the way of price influences other than the gold cases. They are looking for a strong resumption of general buying when current uncertainties are removed. They note that little wheat is coming in from the country and consumption has cut visible supplies to the smallest in 7 years; that cotton consumption in January ran 1,400 bales daily ahead of a year ago; that curtailed receipts of hogs and

cattle have sent prices up to the best figures in 4 years; that practically all last year's production of cottonseed oil has been used up.

Rubber prices bounced back quickly from that brief reaction of a week ago when London commodity house failures disturbed the market. Bargains couldn't last when users were watching weekly consumption run some 15,000 tons ahead of restricted shipments from the Near East. London rumors revive talk of shipments being cut another 5% for the second quarter of the year. Meanwhile, attention of the trade was attracted to the laboratory by reports that University of Illinois scientists had brought synthetic rubber one step nearer. Rubber people remember how they helped defeat the Stevenson restrictions, forerunner of the present program, by developing methods of reclaiming old auto tires.

The creeping advance in hides has brought futures quotations back to the 10¢ level from which they dropped last summer when the government threw some 3 million hides from drought-slaughtered cattle on the market. The speculative market is gambling that the packers will win out in the price contest that has been waging between them and the tanners. Interests in futures feel that the packers are less discomfited by having hides pile up than tanners are by having reserve stocks run down. They also recall that the cattle population is 10 million less than a year ago and think that, in the price equation, the shortage of new supplies will offset the size of current stocks.

AAA Amendments

Spectacular advances in prices on some farm products have boosted the Department of Agriculture's index near enough to parity to give AAA a chance to brag about accomplishments in connection with its request for further legal power (page 34). Most significant among the amendments sought is one providing definite authority to levy quotas upon non-participating producers. Under this, agreement by two-thirds of the producers could be made binding on the dissenting minority by the device of prohibiting processors, who would be licensed, from accepting products from farmers who were not cooperating with curtailment plans. The normal granary plan is also advanced in the new amendments by provision that AAA can buy commodities stored under government loans and pass them out in lieu of cash benefits. Thus surpluses of one year or one section could be distributed directly by AAA either right back to the farmer who pledged his previous crop or to a farmer in another section confronted with a crop failure but having benefits coming in compensation for his acreage agreements.

There is a feeling in farmer organizations and in users of farm products that the "housecleaning" in AAA personnel will be helpful. The administration is expected to be more businesslike and efficient by virtue of a straighter line of authority and less conflict between insiders, that made for indecision and fumbling.

SUPPRESSED KNOWLEDGE OF THE AGES

Hidden, denied, but not lost, is the miraculous wisdom of the ancients. Their methods of mental power in achieving SUCCESS and MASTERY IN LIFE are available to YOU. Write for a FREE copy of the "Wisdom of the Sages" and learn how to receive this rare knowledge. **MAKE YOUR LIFE ANEW.** SCRIBE I.H.B.

ROSIKIAN BROTHERHOOD
SAN JOSE, CALIFORNIA

Don't Leave It to Chance

MANY things in life are dependent on the whims of chance. But there is one thing which need not and should not be left thus insecure. That is the future well-being and support of those who are dependent on you.

Life insurance is the only way of taking the element of chance out of your family's economic future. Let us send you our booklet which tells how.

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

JOHN HANCOCK INQUIRY BUREAU
197 Clarendon Street, Boston, Mass.
Send me your booklet showing how life insurance takes the uncertainty out of the future.

Name
Street and No.
City State

D. W. 2-35

5th Large Printing!
YOU MUST RELAX
By
Edmund Jacobson, M. D.

A Practical Method of Reducing the Strain of Modern Living

WALTER B. FITKIN says: "It meets the need of thousands of Americans who cannot 'let down' and take it easy. . . . Comes at exactly the right time in our history."

201 pages, 5x7½, illustrated \$1.50

From your Bookstore
or **WHITTLESEY HOUSE**
330 W. 42d Street, New York

"Rumored Along the Potomac"

News from the Capitol may easily be gossip—interesting, perhaps, but not factually useful to business executives. Business Week's Washington Letter (page 1), written by able staff men, cuts out "wish thinking," gossip; gives facts to guide business men in their decisions.

Subscription rate: \$10 for 3 years

BUSINESS WEEK, 330 W. 42d St., N. Y. C.

The Farm Dollar Comes Back

Rise in crop prices is closing the gap between what the farmer gets and what he pays.

THE farmer's dollar is bigger today than at any time since 1929. The spurt in livestock, dairy and poultry prices in the last month-and-a-half did much to close the gap between what the farmer receives and what he pays, a job that, up to now, has frustrated the combined efforts of AAA and the drought. (See chart, page 22.)

However his purchasing power is figured, the farmer is better off. There are several ways to figure. The Bureau of Labor Statistics, using 1926 as a starting point, calculates that farm products command a price measuring up to the average of all goods at wholesale.

From 85c. to \$1.09

Economists of the Department of Agriculture estimate the farmer's dollar anywhere from 85¢ to \$1.09 in terms of the goods he buys, but, in any event, well above the 50¢ to which it dropped in midsummer 1932.

But the individual farmer, depending upon a specific price for the items of his year's harvest that actually goes to market, has a somewhat different picture than is given by averages and indices. A group of the major cash crops are tabulated below.

Cotton, which is a \$600-million crop, is 7¢ per lb. higher than in 1932, but still 3¢ short of a parity figure with all prices. Wheat, a \$400-million crop, is selling on the farm at 22¢ short of parity for all its 20¢ rise in the last year. Livestock prices, upon which a great part of the Middle Western farm population depends, have not yet approached parity and the stock grower's problem is complicated by the abnormally high prices for feed. Similarly, the dairy and poultry farmer has to offset better prices with higher costs.

Corn, the big feed crop, has doubled in price within the year to sell currently above its parity level, and the

same holds for hay. Even with the recent spurt in livestock prices, 100 lbs. of hog are only worth 8 bushels of corn; they should equal the value of 10 to 12 bushels. Potatoes, the major cash producer for large areas of the country, are cheaper than a year ago and little above the depression low.

On the other side of the picture, the tobacco grower is affluent, thanks to the 50% advance in price over the last year and the 300% advance in the last 2 years. The cotton planter has discovered a potent offset for the comparatively low value of his major crop in the current price for cottonseed. For every 3 bales of cotton he raises he has 1 ton of cotton seed for sale—worth today more than \$40 against \$16 a year ago and \$8 back in 1931. His seed crop rates at a quarter of his cotton crop, thanks to the worldwide shortage of both vegetable and animal fats and the zooming prices of cottonseed oil.

Since Jan. 1, the Department of Agriculture's index of all farm prices has been boosted to 107 against 126 for the average of prices paid by the farmer, indicating an 85¢ farm dollar. If AAA's benefit payments are added to the market price, the farm price is elevated to 120, equivalent to 95¢.

Plus Benefit Payments

Narrowing its calculations down to the 7 basic farm products upon which processing taxes are collected, the department calculates an average market price within 1 point of parity, and if the benefit payments are added to this average, the result is an index of 135 and a farm dollar of \$1.09.

This is near enough success for AAA. In its attack on price disparity, it would be well content to preserve the existing status of average prices and work upon equalizing the differences between the various farm crops.

How Farm Prices Have Come Back

Cash Crop	Current	Parity	Year Ago	Depression Low
Cotton (c. per lb.)	12.3	15	10.3	5.4 (Dec'32)
Wheat (c. per lb.)	89.3	111	69.4	31.6 (Dec'32)
Tobacco (c. per lb.)	15.1	...	10.5	5.5 (May'33)
Potatoes (c. per bl.)	46.1	87	77.2	34.4 (Oct'32)
Cottonseed (\$ per ton)	40.27	27	16.18	7.66 (Oct'31)
Apples (c. per bl.)	98.8	121	89.4	57.1 (Nov'32)
Cattle (c. per lb.)	5.05	6	3.33	3.12 (Dec'33)
Hogs (c. per lb.)	6.87	9	3.06	2.68 (Jan'33)
Sheep (c. per lb.)	3.30	5	2.71	2.04 (Dec'32)
Butter (c. per lb.)	27.4	...	19.6	18.0 (Mar'33)
Milk (c. per lb.)	1.76	...	1.44	1.08 (Apr'33)
Eggs (c. per doz.)	25.00	33	17.6	10.1 (Jun'33)

Editorially Speaking—

ARE the automobile men making the current business upturn? Or are they, alert as usual, merely capitalizing a situation open to others as well?

Admittedly, this resembles the hen-and-egg argument more than a little. When the automobile business picks up, it makes business for other people, conspicuously the steel men. But we doubt if the automobile business, all by itself, could stir up all those customers it is collaring.

Silliest is the suggestion that, fearing labor troubles later, the automobile men are manufacturing for inventory. Most automobile plants couldn't store a day's production of finished cars; the Henderson report tells of a big one that can't store two hours' output. They can't even store raw materials, or parts. Most of the stuff they use goes from freight car or truck right onto the production line.

CHEERFUL, in a left-handed kind of way, is the thought that the current upturn is making headway against obstacles. Certainly it is not an "artificial" flurry created by government. Washington just now is supplying negative factors, not stimulants. The gold clause decision hangs over the market. Congress is pottering around with 30-hour bills, ill-prepared social security measures, and the like. Utilities and other corporations are being baited.

THAT improvement in steel output isn't all automobiles, either. The tonnage is being rounded out with a lot of miscellaneous business from farm implement, refrigerator, and can manufacturers. Textile mills are busy catching up after last fall's curtailment and getting out spring lines.

WASHINGTON, looking for public projects on which to spend \$4.8 billions, asked Mayor La Guardia of New York City if he could think of anything on which to spend money in his town. Can a politician think of ways to spend money? Can a duck swim? The Little Flower turns up with a program that calls for \$1 billion! It ranges from new laundry machinery in city hospitals to \$150 millions for low-rent apartments, and \$272 millions for new water supply. The debt of New York City is \$2 billions. The La Guardia program would boost it 50%.

ONE fundamental reform, by-product of various governmental activities, is going forward so quietly as to attract almost no attention. Yet it is of profound importance; one of the few reforms to which almost nobody objects. That is the insistence that real estate

mortgages henceforth must universally provide for amortization in 15 to 20 years. Even the 1935 banking bill, full as it is of objectionable things, carries that wholesome provision. And, of course, it was one of the foundation principles of the HOLC.

WE tardily, but willingly, redress a Great Injustice:

Western Union Day Letter


Page twenty-one your January twenty-first issue oil article you state quote Tyler and Kilgore are principal towns unquote in East Texas oil field beg to call your attention Longview county seat of Gregg County three times as close to production as Tyler and three times as large as Kilgore while Longview building permits for any month last year would equal whole twelve months in Kilgore and far outstripped those of Tyler or any town of comparable size in the state led entire state in total permits first three weeks this year bulk of East Texas oil production in Gregg County practically none in Smith of which Tyler county seat million two hundred thousand dollars worth of building permits 1934 for Longview please give us credit Longview Daily News Carl L. Estes Publisher.

JEROME FRANK, a very nice young man who was counsel of AAA from the start, and one of Felix Frankfurter's boys (the "hot dogs" they used to call them in Washington), is now out of AAA. Dr. Fred Howe, a grand old liberal, but also "on the pink side," according to precise standards, has been demoted from consumers' counsel at AAA. Chester Davis rides high, except that Rex Tugwell got put on his board 2 days after Frank and Howe got their coups de grace. It all probably means very little, except that they may be getting a few dirt farmers into the job. Calvin Hoover, talked of for Howe's job, comes from Duke University, but he knows the farms and farmers well. An able young man, plenty liberal, who might have gone far in the Department of Commerce except for his name.

ROOSEVELT is sore about the alleged promises of Litvinov, but not sore enough to make him refuse a good counter offer if Russia should make one. But, quite distinctly, the next move—if there be one—must come from Russia.

GOLD continues to flow into the Treasury—say \$200 millions since Jan. 9 this year. We now have 53% of the world's monetary gold supply. Conceivably, we shall one day have virtually all of it. Then what? Ever figure that out?

Fuel bill was \$2700
Now \$1366
Yearly saving \$1334



M. F. GAGNIER

IRON FIREMAN
cut Gagnier's fuel costs

49%

in this unique building

The Gagnier Stereotype Foundry in Detroit offers a real test for a heating plant. The building is 26 times as long as it is wide—800 feet by 30 feet. The structure lies east and west and the north exposure is all glass for the entire 800 feet.

Since 1929, Iron Fireman automatic coal burners have been heating the Gagnier plant with efficiency and economy. Annual fuel cost savings over hand firing have averaged \$1334 or 49%; a total saving, in six years, of \$8000.

"Our Iron Fireman burners have been running practically day and night since their installation," says M. F. Gagnier. "We have nothing but good to say about their performance."

If you pay fuel bills, ask for a free survey and report. The facts will show you the way to savings and improvements in your heating plant. Models for boilers up to 300 h. p. and for homes. Quickly installed. Easy payments. Iron Fireman Manufacturing Company, Portland, Oregon; Cleveland; Toronto. Dealers everywhere.



Gagnier Stereotype Foundry, Detroit;
800 ft. x 30 ft.; north side all glass.

IRON FIREMAN



AUTOMATIC COAL BURNER

IRON FIREMAN MANUFACTURING CO.,
3077 W. 106th St., Cleveland, Ohio.

Type of plant:

- ☐ Send literature ☐ Commercial Heating
☐ Make firing survey ☐ Power ☐ Residential

Name _____

Address _____

FEBRUARY 16, 1935

The Real Lesson

Many lessons might be drawn from the report of the Research Division of NRA which President Roosevelt commissioned to study "the possibilities of regularizing employment and otherwise improving the conditions of labor" in the automobile industry. Its most important lesson is that the industry has solved the riddle of recovery. If all industry would emulate its example, relief would cease to be a problem; prosperity would be a fact.

The report explains the amazing recuperative power and comparative prosperity of this industry by pointing in detail to the continuing development of technical skill which has permitted it "to produce a value for the consumer which is unexcelled by any other industry." This means putting more into a car and selling it cheaper. It is made possible only by cost reduction. The automobile manufacturer has not hesitated to make huge investments in plant modernization and process improvement. He has spent millions to save dimes, and created the market conditions which made his speculation profitable. Too many of our industries still refuse to buy a bucket of paint to keep their structures from falling apart.

Even the "industrialist" who is still doing business in a cyclone cellar has a general knowledge of the extent to which modernization and technical improvement have contributed to the remarkable progress of the automobile industry, but it took the Henderson report to dramatize this knowledge. Millions of people have read in the last few days a long list of specific accomplishments in this direction. For instance, in 1929, the labor cost of an automobile door was \$4.00. Today it is 15¢. Five years ago, one manufacturer used 250 men on a production line that turned out motor blocks. Today 19 men finish two and a half times as many motor blocks in the same period.

The Henderson board was specifically instructed to find out what was the matter with labor in the automobile industry and to suggest improvements in working conditions. It was told to look for trouble. In view of that, a reading of the whole report makes a surprisingly favorable showing for the industry. There are personnel troubles aplenty in any automobile plant. Management is quick

to acknowledge the fact and is giving serious attention to the solution of these problems, but the top picture is surprisingly good. In 1934, despite the fact that labor costs on doors had been reduced from \$4.00 to 15¢, the three leading companies made use of far more man-hours of labor than in any year since 1930. The hourly wage was almost exactly that paid in the boom year of 1929. As a whole, it would seem that automobile labor has prospered better than any other classification of worker. If account be taken of indirect employment stimulated by the remarkable increase in automobile production and sales last year, the country may well be grateful to the industry.

Automobile builders have no monopoly on technology. The same scientific approach to the problem of production costs and the same courage in creating markets where they seem not to exist can be applied to almost any industry in this country. Such application is the one answer to the common fear which business is afraid to speak aloud. Even the Administration has admitted that our one hope of relief from the burdens of depression is the revival of private industry, but the Administration is not to be relied upon to bring that revival about. If every industry were as progressive and courageous as this one, sound prosperity would be universal.

Mr. Green's "Entente" With the White House

Cooperation with Mr. Roosevelt consists of accepting his terms. Mr. Green of the American Federation of Labor is about to learn this, if he does not know it already.

After the renewal of the automobile code Mr. Green was obviously much dismayed. It was highly essential that some demonstration be staged to show that there was still, or again, an entente cordiale between organized labor

and the White House. So the President, nothing loath, received Mr. Green and his associates. There was a long conference. Afterward, hailing the results as renewed evidence of solidarity between the Administration and the Federation, Mr. Green issued a statement. It is, in effect, a recital of labor's point of view.

So did the President issue a statement. It says precisely nothing, in a pleasant flow of words.

Three major points are at issue between organized labor and the Administration. First and foremost, the Federation insists that it, and it alone, is the spokesman for labor, whether organized or unorganized, and it alone is the proper agency for collective bargaining. The President's remarks in renewing the automobile code showed that he subscribes to no such notion. The government "favors no particular union."

The Federation is for the Black 30-hour bill. The Administration is definitely opposed.

A third point assumed this week the importance of a major issue. That is the dispute over the rate of wages to be paid in carrying out the \$4.8 billion work-relief program.

The Administration stands for the principle that wages on relief work should be lower than wages for similar work in private employment. It is the obligation of government to provide work for men who need it; it is not the obligation of the nation to make the jobs attractive. There should be a differential, so that any man on relief work would willingly desert it when and as industry makes opportunity for him.

The Federation argues that if wages on government projects are lowered beneath the prevailing rate of wage, the effect will be to drag down the wages in private employment. Mr. Green maintains there cannot be two wage rates side by side. No one can blame Mr. Green for fighting to preserve wage levels, none too high these days, when he sincerely believes they are threatened with undermining. But we do not believe his fears are justified. Varying rates of wages do exist side by side, even in private employment.

It will be noted that on these three major issues, Mr. Roosevelt did not budge, all through a thousand words of carefully prepared statement.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. ME4dillion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years, U. S. A. and possessions. Foreign 30 shillings Cable code, McGrawhill

Glenn Griswold, Vice-President

Marc A. Rose, Editor

Managing Editor, Ralph B. Smith

News Editor, Louis H. Engel

Economist, David Dillman

Marketing, O. Fred. Rost

Transportation, Irvin Foos

Industry, Wallace Thompson

Foreign, J. F. Chapman

Typography, F. A. Huxley

Statistics, R. I. Carlson

Washington, Paul Wooton, Carter Field

resi-
Mr.
was
hail-
ence
stra-
teen
t, a

ate-
in a

be-
nin-
the
one,
her
it
lec-
re-
bile
no
ors

ack
is

ek
hat
ges
4.8

he
ek
m-
It
to
it;
on
ere
ny
ly
es

ges
ed
ge,
he
r.
vo
an
e-
se
ey
ut
i-
st
y.

ee
ot
ls

k.
s,
ill
or
in
on
on

ok

FEB
19

BUS
INDI

75

70

Year
ago

60

55

50